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The CREDIT WORLD

Only Magazine Devoted Exclusively to Retail Credit

December, 1935 — Vol. XXIV, No. 3

Ottawa--the Capital of Canada

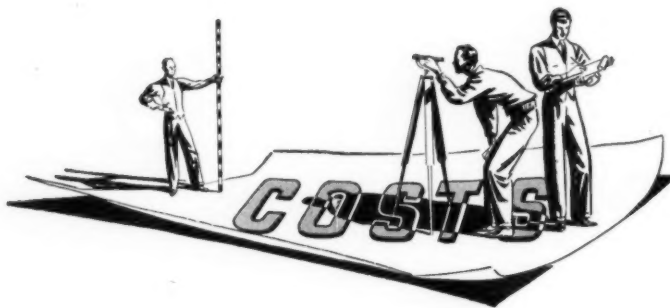
The retail credit grantors of Ottawa have announced that they will again bid for the National Convention at the Omaha Convention next June—at the Spokane Convention in 1937—and at succeeding Conventions until successful!



In the foreground (center): The magnificent Chateau Laurier Hotel. On the bluff—overlooking the Ottawa River: The Canadian Parliament Buildings.

Because this photograph was taken from the Ottawa side of the river, only a small fringe of the downtown section of this beautiful Canadian city is shown.





SURVEY YOUR COLLECTION COSTS

The United States Department of Commerce recently published the results of a survey which showed \$2,500,000,000 worth of dormant accounts on the books of retail merchants of this country.

You, undoubtedly, are shouldering part of this heavy burden by carrying overdue accounts of valued customers will-ing, but unable, to pay you "just now".

If you call their attention to Morris

Plan, you can enable them to clear up their indebtedness at once and become active customers again by restoring their purchasing power.

This plan is being used successfully by many merchants to revive slow but good accounts and at the same time pre-serve the good will of their customers.

Ask or write your local Morris Plan insti-tution (or the Association) for full details.



MORRIS PLAN BANKERS ASSOCIATION

with which is affiliated the Industrial Bankers Association, Inc.

800 EAST MAIN STREET • RICHMOND, VIRGINIA

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The CREDIT WORLD

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December, 1935

Vol. XXIV

No. 3

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In all other respects the Association cannot be responsible for the contents thereof or for the statements or opinions of writers.

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Greetings of the Season



THIS is the last opportunity we of the National Office will have to wish many of you the greetings of the season—a Merry Christmas and a New Year of Happiness and Prosperity.



With members in every state in the Union, in all the provinces of Canada, and in many foreign lands, it is impossible to send to each a greeting that is real and personal and intimate—that expresses the comradeship we naturally feel.



But even though thousands of miles separate us—we can still—in spirit—celebrate the true meaning of the Season—Good Will to our fellow-men.



And so, across the miles, and across oceans and continents, to each and every one of you, in hamlet, village or city—

We, every one of us, wish you a Christmas filled with Joy and Happiness—and a New Year filled with realization of your fondest dreams and hopes and desires.

And, as one person, with that one wish, we sign ourselves—

THE NATIONAL OFFICE.

EDITORIAL COMMENT

By L. S. CROWDER

Not Credit Executives—Mr. Elhart!

IN THE October 28 issue of *Retailing*, Earl W. Elhart, Editor, referred to the failure of retail groups to get together for the discussion of mutual problems. The second paragraph of the editorial follows:

"Such at least is about the only conclusion which can be drawn from certain facts. In each city of the country there should be regularly scheduled meetings of the chief executives of the main divisions of store operation. How many are there? Perhaps a half dozen for store managers, one for traffic men, one for merchandise managers but twelve for controllers."

Mr. Elhart should have pointed out, as a shining example of cooperative action, local retail credit associations, units of the National Retail Credit Association. There are hundreds of these, headed by retail credit executives (as officers and directors), representing retailers from coast to coast in the United States and Canada, *meeting monthly or oftener*. Many meet each week and have been doing so for years.

Space will not permit listing all associations, but the following (larger cities) are representative of the different sections of the country: Boston, New York City, Pittsburgh, Washington, D. C., Philadelphia, Baltimore, Cleveland, Chicago, St. Louis, Kansas City, Memphis, Wichita, Des Moines, Omaha, Tulsa, Dallas, Louisville, Atlanta, Birmingham, Miami, New Orleans, Denver, Salt Lake City, Minneapolis, Portland, Spokane, San Francisco and Los Angeles.

In this connection, the following is taken from the booklet of the N. R. C. A., entitled *The Value of Retail Credit Associations*:

"In every city, town or community where there are merchants and professional men extending credit there should be a Retail Credit Association—a unit of the National Retail Credit Association—holding regular meetings and working both locally and nationally to eliminate the undesirable credit customer, promote prompt payment of accounts, stop the bad-check passer, locate missing debtors and provide legislation for the protection of credit granters.

"The success of any organization depends upon the interest and enthusiasm maintained. We cannot stress too strongly the importance of holding regular weekly or semimonthly meetings with a varied program of both social and educational features.

"An occasional address by a prominent credit executive, merchant or lawyer is of great value.

"Demonstrations of methods of interviewing a customer applying for account, with members taking the parts of credit manager and customer, are very instructive.

"A discussion of collection letters with a general debate as to their value brings out much valuable information."

Largely through the harmonious relations existing among retail credit executives—the result of years of good fellowship, cooperation and interchange of ideas and experiences—they have made a showing in the collection of receivables of which they may be justly proud: losses for the past five years of the depression having been only slightly in excess of normal. At the same time, credit sales have kept pace with cash business.

We agree with Mr. Elhart that meetings of retail executives are beneficial and should be held regularly. Executives of the several retail groups may profitably pattern after the retail credit executives.

Finally, quoting the last paragraph of the editorial:

"This whole rather sorry picture of a lack of desire for self-education on the part of store executives can be blamed, at least in part, on top management. That fear of losing nonexistent 'store secrets' has been a bar in many cases. Yet the executives themselves have also failed to realize the help and inspiration which such meetings give."

This Association has for years conducted educational classes for credit assistants and others interested in credit work. Textbooks and lectures covering all phases of credits and collections, written by members of the National Retail Credit Association or its Educational Committee, are used, and outstanding credit managers in the respective cities have acted as instructors.

The result has been highly satisfactory in that credit assistants have been developed and are now handling credits more intelligently and more efficiently. They understand the importance of building credit sales, as well as controlling credit, and are distinct assets to the firms they represent.

The papers of credit students are graded, and upon satisfactorily passing, certificates are awarded. Thus future credit executives have received excellent instruction, inspiration for their vocation, and greater opportunities for advancement.

Improved Business Activity Means

An Increased Use of Credit and the Opening of New Accounts

To provide proper service for customers and at the same time protect yourselves against credit losses, prompt and accurate information on all applications is necessary

TELAUTOGRAPHS

(USED FROM COAST TO COAST BY PROGRESSIVE BUREAUS)

Secure—with safety—credit reports—clearances—in a few moments and transmit—accurately—all credit data in indelible handwriting from your bureau. In addition, Telautographs create a 40 per cent saving in clerical expense.

To obtain these advantages, 27 bureaus and 152 stores now use our service. During October, one more credit bureau and four additional stores adopted Telautograph connections—viz., Long Beach, Calif., Bureau—Sears, Roebuck & Co., Long Beach, Calif.—The Emporium, San Francisco, Calif.—The A. De Pinna Co., Inc., New York City—and Dunlap Clothes Shop, Cincinnati, Ohio.

Telautographs completely modernize the old methods of handling credit data and permit you to write over wires direct to the bureau, without the applicant's knowledge, and secure a reply, in indelible handwriting, giving you the information desired. References, trade clearances, reports, etc., are cleared in this manner, in a few minutes' time.

Thus, you are protected against unnecessary credit losses by obtaining promptly, complete information before passing on credits, and the customer, unaware that his credit status is being checked, is pleased with the courteous and immediate service he is receiving. When customers are accorded such treatment, they naturally are more inclined to increase their purchases at your store.

Outside messenger service is reduced or eliminated.

Inasmuch as only one person is required to send telautograph messages, the time of the person whose duty it now is to receive the messages may be devoted to other work, because regardless of whether the person at the other end of the line is "in" or not, the telautograph message appears instantaneously at his receiving station and is there waiting for him when he does come to his office.

Errors, with their consequent losses to the stores, are prevented by the clerk's knowledge that an indelible handwritten record is sent to all stations connected and that if an error does occur, these facsimile records are undeniable evidence as to who is at fault. Furthermore, all the time now spent in checking such errors or misunderstandings is saved.

Gossip is entirely eliminated, and the reports contain more complete information.

Since the above copy was prepared, 3 additional stores in New York City ordered Telautograph-Credit Bureau connections, making a total of 30 stores now on that system as compared with 3 stores using another device.

Telautographs Cost About \$1.00 Per Day for Each Store

Send for Our Man Now!! No Obligation—of Course

TELAUTOGRAPH CORPORATION

FACTORY AND GENERAL OFFICES: 16 WEST SIXTY-FIRST ST., NEW YORK, N. Y.

Conditions in Washington

By P. H. WHALEY

Editor, Whaley-Eaton Service, Washington, D. C.

[[Extracts from an Address* at the Silver Anniversary Convention of the Morris Plan Bankers Association, Virginia Beach, Va., October 7, 1935]]

IT IS our privilege to live in a period of great transition. The bases on which organized society rest are being shifted. Our frontiers are no longer geographic but are intellectual, and we explore, instead of new seas, a vast area of unascertained principles and processes. When there was not another America to be discovered the Wright brothers created a new continent in the air.

In no sphere is this transition more significant than in government. Heretofore, the politics of Washington was all important. Today, the economics of Washington is the decisive factor. The Government is first and foremost a vast and intricate economic machine. If we permit our attention to be diverted by the old red herrings—the small talk of the Capital—we can expect to pay the penalty. The very existence of our democratic forms depends on the willingness of responsible men to accept this obligation of attention.

(Editor's Note: Because of its length, it was necessary to omit certain paragraphs of this article and use only those pertaining more directly to subjects of interest to the retail credit fraternity.)

Socialization of Banking

Now, because you are bankers, I shall talk somewhat of banking and finance. You gentlemen have done more than any others to give character its proper place in the banking world and make it good collateral. But, in the great transition that is under way, not even your methods or your industry can escape the impact of extension and competition.

Thus, the National City Bank is now offering, through large corporations such as General Electric, fully insured loans to wage-earners, with no endorsers required. General Electric certifies the loan to the bank and makes a weekly deduction from the pay envelope. Mr. Giannini, on the West Coast, is offering "automobile letters of credit." His Bank of America provides the funds and at considerably lower financing cost than is usually required.

These developments are simply typical of the new social engineering, which is not indulged in by the Government alone. It represents a modern acceptance of the fact that credit is a commodity which should be available to all classes of the population, on reasonable terms, and not restricted to business alone.

Within the past two years so great a socialization of banking has occurred that many find it impossible quite to get the picture. There is scarcely a sphere of banking in which the Government does not compete. The RFC, far from being in process of liquidation, is the principal holder of bank stocks and it announces now a willingness to make a loan of some \$50 millions to one railroad, next July. It will finance, up to 80 per cent, the construction of new lightweight speed trains and other railway equipment. It makes loans to industry, and so do the Federal Reserve Banks, as does the Housing Administration.

There are some 35 distinct agencies in Washington that have something to do with mortgages. The Government

is the world's largest holder of mortgages. Bank deposits are insured; and deposits in building and loan associations, and even mortgages themselves. The Government is virtually underwriting real estate values throughout the country. Nobody can tell what its contingent liabilities are.

Those are the outward and visible signs of the socialization of banking. A more momentous step has been taken, however, in the decision that the Government, not the commercial banks, shall create credit, which is bank money. The private banks create credit when they make loans to move commodities at seasonal periods. The credit liquidates itself. The Government, on the other hand, creates credit that is not based on any movement of goods, but is based wholly on the ability of the Government to tax its people.

Between those two types of credit there is a vast difference, in theory and in practice, because the one is thoroughly legitimate and the other is thoroughly inflationary.

Every man in this room knows that, in view of the terrific losses encountered in the depression, credit would normally be dear, not cheap. All of you know that the banks of the country have their portfolios filled, not with commercial paper, but with Government promises to pay. That the Government has used the device of a concealed forced loan to take over a considerable part of the deposits of the country, however, is not, in the peculiar circumstances, a reason for questioning the essential soundness of the deposits.

I merely point out that, while Washington has been so insistent on higher wages for labor, it has deliberately, and artificially, cut the wages of money. It takes a dollar two years, now, to earn what it formerly earned in one year, in many investment fields. Nor is there universal agreement that cheap money is a stimulant. Some of the best British authorities maintain, on the contrary, that cheap money, by removing the incentive for thrift and saving, may, in the long run, be harmful rather than helpful.

Credit Base

It may be that few of us realize the colossal credit base that has been established in this country. The figures are so astronomical that one hesitates to deal with them. A few years ago, if gold had been coming into this country in any such quantity as has flowed here over the last two years, the Federal Reserve Board and every great banker in the country would have been sitting up nights trying to find some way in which to sterilize the inflationary effects of the gold imports.

I question if the matter has even been discussed by the present Reserve Board which waits nervously for its successor to be appointed. I shall touch on that later, because it should have been discussed, but I merely mention the fact now to show in what a casual way, in the depression, factors are treated that have in them all the explosive power of dynamite.

Let us consider the figures. We have about \$9½

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billions of gold, or more than half of the available monetary gold in the world. The law requires a 40 per cent gold cover for Federal Reserve notes. It is thus legally permissible to issue \$2½ in Reserve notes for every \$1 of gold. Thus, we can issue over \$23 billions in currency and have it covered 40 per cent by gold, although the League of Nations experts say that a 25 per cent cover is ample, and many of the great nations do not have that much.

Every dollar of currency is theoretically supposed to support potentially \$10 in bank credit. On that basis, we could have in this country over \$230 billions of bank credit, which represents almost the entire estimated national wealth.

I need not tell you that any such situation would make dollars worth less than nickels, no matter what the technical justification of the issue.

Suppose we get away from all questions of cover. Let us merely go back to the more rigorous principle that \$1 in gold should support \$10 of credit. Even on that basis, approximately \$100 billions of bank credit could technically be outstanding with safety in this country, and that is more credit than it took to finance the speculative orgy, not in this country alone, but throughout the world, that culminated in the great catastrophe of 1929.

I am going a little further with this picture before drawing some conclusions therefrom. The British national wealth is about \$80 billions and the national debt about \$40 billions. The American Federal and sub-governmental debt combined is something less than \$50 billions. The total wealth of the country is not less than \$250 billions. The United Kingdom is mortgaged up to 50 per cent of everything it has, and our mortgage is about 20 per cent. On a comparative basis, we could run a deficit of \$2 billions a year for the next generation and then, although making no allowance for increased wealth, still be better off than the British now are.

These are the things our politicians think about when they vote these huge sums of money. They get a picture of an inexhaustible reservoir into which they can dip their reckless hands and extract dollars without limit.

If anybody in this country wants to pay taxes in the amounts the British pay, all well and good, but the alienists should examine his mental processes.

We are a long way from Government bankruptcy. I give you the foregoing figures, however, not because there is contained in them any justification whatever for prodigality, for the lesson is just the opposite. We have these enormous resources because of the frugality of our forebears, who exploited a continent, not because they wasted and did not save.

Money, as you gentlemen so well know, is a peculiar thing. It is a wonderful servant and a cruel master. Its careful handling is an attribute of high character. The careless usage of it is a sure sign of personal instability. It is the visible token of the sweat of producers. The wanton employment of it is a crime against every man and woman who eats bread in the sweat of the brow. Whether it be individual or nation that goes on a spree, the penalty therefor is certain and the distress is great.

But there is more to it than that. You can have a disastrous inflation, even if the circulating medium is coined gold. Prices in California during the gold rush proved that. The value of money depends upon its proper relationship to the economic requirements for its use, and not on metallic content, even though the employment of a metallic content has heretofore in history been considered requisite in order to prevent wanton effusions of currency.

Senator Thomas recently addressed members of the Federal Reserve Board and asked them, in his letter, to say whether they favored a gold standard, or a managed currency, or a bi-metallic standard, and at least one of the members answered him to say that, however logical the arguments in favor of a managed currency, it can never bring anything but disaster because the management would never be free, politically, to manage.

Credit Inflation

We are confronted right now with the danger of a credit boom that may engulf us all, wiping out savings, destroying the middle classes, wrecking the insurance companies, and destroying Democracy. There is no expert in Washington who is not well aware of this, from the President down. The huge excess reserves of member banks, while they may be very helpful in promoting recovery, constitute a threat against the very existence of the economic order as we know it.

(Continued on page 22.)

Morris Plan Bankers Association Silver Anniversary Convention

The annual convention of the Morris Plan Bankers Association at Virginia Beach, Va., October 7, 8 and 9, celebrating the 25th anniversary of the Morris Plan and honoring its founder, Arthur J. Morris, was the best attended in the organization's history.



Ralph W. Pitman

Governor George Perry of Virginia welcomed the Convention in recognition of the facts that Arthur J. Morris is a Virginian and that the first Morris Plan Bank was established in Norfolk, Va., 25 years ago.

Ralph W. Pitman, President of the Morris Plan Bank of Philadelphia, a World War veteran, who began his career with the Morris Plan as an office boy in the Denver Bank in 1920, was elected president of the association. He is a member of the Denver Bar Association, former Executive Vice-President of the First Industrial Bank of Denver, also of the Industrial Savings & Trust Co. (Morris Plan), of St. Louis, and former Executive Vice-President of the Morris Plan Bankers Association.

At present, he is Executive Vice-President of the Morris Plan Bank of Virginia, Vice-President of the Morris Plan Corporation of America, Chairman of the Board of the Morris Plan Company of York, Pa., and director of several other Morris Plan Banks.

Joseph E. Birnie, who has been affiliated with Morris Plan Banks since 1928, and was Secretary and Treasurer of the Morris Plan Bankers Association since 1933, was elected Executive Secretary and Treasurer. His home is in Richmond, Va.



Joseph E. Birnie

The Credit Man: Judge, Doctor, Cheer Leader, and Village Helper!

By GEORGE C. SMITH
Treasurer, Miller & Paine, Inc., Lincoln, Neb.

I LOOKED up the definition of "Credit Man" in the dictionary. This is it: "In a business establishment, an employee who fixes the amount of credit to be allowed to customers." *Does that cover it?* That job is not easy, but would you not feel that it is easy compared with the real job of a credit man in Lincoln?

We will pass on from the opening of the accounts and think of the customers other than the "prompt pays." Thinking of these, what would be your definition of a credit man?

Would these titles apply?

SALESMAN—Yes, but not to the exclusion of everything else.

ADJUSTER—Yes, but consider carefully both sides.

PROBATION OFFICER—Yes, but give real help while your customers are on probation.

TRAFFIC COP—Yes, keep the people in the proper lane. Make them thoughtful and considerate of all, which will include the ones they owe. Keep them from parking too long on the three- and six-month line. Get them on the 30-day line. Help them to see the stops or limits.

JUDGE—This, I believe, is your greatest task but to you is due the greatest credit if well done.

Quoting from H. N. Higinbotham, for many years Wholesale Credit Manager for Marshall Field & Co.:

"No judge on the bench faces so difficult a problem as that which confronts the credit man. If the latter fails to be absolutely judicial in his decisions, his hopes of success must be small indeed."

DOCTOR—The mental strain of too many bills or inability to pay can be eased by talking it over with a good credit man.

PREACHER—You can do much good preaching.

CHEER LEADER—You have a chance to do a lot of work in the line of encouragement.

CASE WORKER—This would be your name if you were a trained social welfare worker. Your work and theirs is similar in some respects.

VILLAGE HELPER—In the book, *Where the Sugar Maple Grows*, Adeline Teskey tells of one who was always ready wherever needed. Some called her the "Village Scold" but she was that only when she was dealing with a man who did not support his family.

There is often a long journey for the credit man and the customer after the opening of an account. Often this is where your duties are similar to the doctor or the preacher dealing with a family needing advice and help.

The account may be asked and payment carefully planned but changed conditions of the family may make it impossible to meet the terms or credit may be asked and

payment not carefully planned. To help, you must know the income, probable expenses, and the disposition of the applicant.

The dictionary gives "disposition" as the "characteristic spirit." The disposition or characteristic spirit of each member of the family, the father, mother, son, or daughter, may be different. The help and advice you can give is of the greatest value and I know it is appreciated. *The changing of a "can't-pay" into a "can-pay" is a worth-while work.*

If the customer will call, the work will be a great deal easier than when it is necessary to handle the matter entirely by correspondence.

Letters are important. Again quoting Mr. Higinbotham: "No matter how shrewd a judge of character any credit man may be, he labors under a serious and dangerous handicap unless he becomes an adroit letter-writer."

Interviews are naturally brief and every word and sentence must be carefully chosen. Confidence in your sympathy and fairness will be the foundation on which to build. Many customers are sensitive and easily hurt. To be safe, consider all in that class. Your rôle of the wise judge comes in here. Many families have as big (or bigger) problems as a Credit Man.

The account is important, but it is more important to save the family. In saving the family you save the account. A man may blame his wife, or a wife her husband, or a father a son. You have probably dealt with all of these. It takes all of our tact, sympathy, and our

Editor's Note:

The author of this article was the first president of the Lincoln Retail Credit Association.

"From 1902 to 1927," writes Max Meyer, General Manager of the Nebraska Credit Company, "he was in charge of the credit department of Miller & Paine, Inc. During most of this period, he was treasurer of the company."

"An unusually large percentage of the firm's sales are on a credit basis and an excellent collection record has always been maintained."

experience to really understand the things a customer may consider of the most importance. We must get this viewpoint in order to help intelligently. (I think what helped me most in my credit work was the fact that, when I was a boy and young man at home, we had to watch the pennies; it was difficult to stretch income to cover needs.)

Here is one case which was up to me to decide whether to grant the request or not and how I could help. A man called in regard to his past-due account, and told me of other accounts making a total of perhaps \$50.00. He was anxious to get the accounts settled as soon as possible but his wife wanted the parlor papered, which would delay the payments. He wanted me to phone his wife and convince her that the papering could wait until the bills were paid.

I told him that it was a matter between himself and his wife and that I did not want to mix in it. It was then arranged for him to make small payments and, when the total was cut down somewhat, then he could paper the parlor. I told him that it was not possible for a man to know the things that were of great importance to his wife. Probably she was ashamed to entertain her club or church circle in the parlor as it was. My early training helped me to see her side. Soon after that, he came in and paid the account in full, having evidently borrowed the money. To the husband, settlement of the accounts was of most importance, and to the wife, the papering!

Really serious to another customer is the account that she feels must and should be paid, but she cannot see how it can be done. Here is where you can and do help in a wonderfully fine way. It takes time. It is worth while. It is appreciated. I can see you here as doctor, case worker, village helper, and cheer leader or encourager.

One of the big difficulties of 1935 is to deal in the right way with those who have always been prompt and now for the first time must be slow in paying their accounts. A man told me the other day that his sister was in this difficulty recently and was ashamed to face the credit man herself. She therefore sent him to ask an extension of time. In my opinion it takes more thought, tact and sympathy to deal with this class and not hurt them than is needed on any other class of accounts.

Quoting again from Mr. Higinbotham. Speaking of the qualifications of a credit man, he says:

"Most important of all, he must be a temperate man and I use the word in its broadest, its dispositional sense. He must not only maintain the appearance of a calm and equable temperament, but this must be in fact his mental attitude and condition. For a credit man to become excited would be as incongruous and unpardonable as for a judge on the bench to give place to a display of passion or temper. His every act should be *judicial, analytical and far removed from passion or prejudice.*"

You are dealing with all kinds of persons in all kinds of work and conditions. In one day you may deal with the to-be-married, the just-married, the married-many-years, the widow, the widower, the unmarried, the son, and the daughter.

The family or individual may be thrifty or extravagant, healthy or sickly, or may have had accidents and death, or loss of money and position. Some of these can't pay, others won't pay. Some can pay and don't pay, or can pay and do pay. This is all in a day's work.

The bright side of a credit man's work comes from success in handling these difficult problems.

Let us now consider a still brighter side: *The "prompt pays."* We should write them in capital letters.

(Continued on page 15.)

"Charge It Please"

BUT PAY YOUR BILL PROMPTLY

— Says Interesting New Household Booklet



Credit managers will be interested in a lively, well illustrated booklet recently issued by Household, entitled, "Charge It Please."

This booklet, which is distributed free to Household customers and to any others who ask for it, states five important reasons for opening a charge account. At the same time it points out the importance of paying bills on time and recommends borrowing to pay bills promptly, rather than to endanger one's credit standing by letting payments lag.

Free Sample Copy Sent On Request



Because of its wide distribution the message of this booklet may prove to be a help to credit managers in two ways. First, it should tend to lessen the number of delinquent accounts. Second, it should stimulate the opening of new accounts. Entertainingly written, the booklet is, however, based on sound economic facts and is in line with Household's general objective of improving the condition of the average American family's financial budget.

Dictate a note now asking for a free sample copy of "Charge It Please." There are many practical suggestions that you may be able to put to work without delay. If your business is located in one of the states listed below, and you feel, as other credit managers do, that "Charge It Please" may help to bring in delinquent payments, by distributing it with statements or otherwise, you can arrange for a supply of these booklets without cost. "Charge It Please" is concise, informative, interesting. Mail coupon for free sample copy—**TODAY!**

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12/35
C.W.

October Trends - - A Fast-Reading Review

... A nation-wide cross section of facts and opinions on retail collections and credit sales for October, 1935, as compared with October, 1934, compiled by Research Division - - National Retail Credit Association ...

INCREASES in credit sales and collections for all cities reporting to the Research Division for October were due to improvement in general business and employment conditions throughout the entire United States. Retail merchants, anticipating good Christmas business, are very optimistic.

High-Lights for October

58 Cities reporting.
18,311 Retail stores represented.

COLLECTIONS

45 Cities reported increases.
5.6% Was the average increase for all cities.
28.0% Was the greatest increase (San Diego, Calif.).
5 Cities reported no change.
8 Cities reported decreases.
10.0% Was the greatest decrease (Mount Clemens, Mich.).

CREDIT SALES

47 Cities reported increases.
10.6% Was the average increase for all cities.
37.4% Was the greatest increase (Fort Smith, Ark.).
8 Cities reported no change.
3 Cities reported decreases.
12.6% Was the greatest decrease (Schenectady, N. Y.).

Collections in Augusta, Me., during October were 1 per cent below that of October last year due to the general public's buying winter fuel for cash. The average increase in retail sales amounted to only 1 per cent; however, a small increase is noted in the building trades due to FHA activities. Conditions in central Maine ap-

peared about the same as last year, "due to unseasonable warm weather during the past six weeks and low wages."

Lowell, Mass., reported an increase of 4.9 per cent in collections—the increase obviously due to better business conditions. Budget sales on amounts from ten dollars to fifty dollars were exceptionally good. This type of controlled credit has prompted many people to re-establish their local credit records. . . . Collections in Manchester, N. H., were slow with a decrease of 5 per cent under October, 1934. Textile operations are completely closed down—no immediate prospects of reopening apparent. The shoe industry is operating at increased capacity, however, causing credit sales to hold up well.

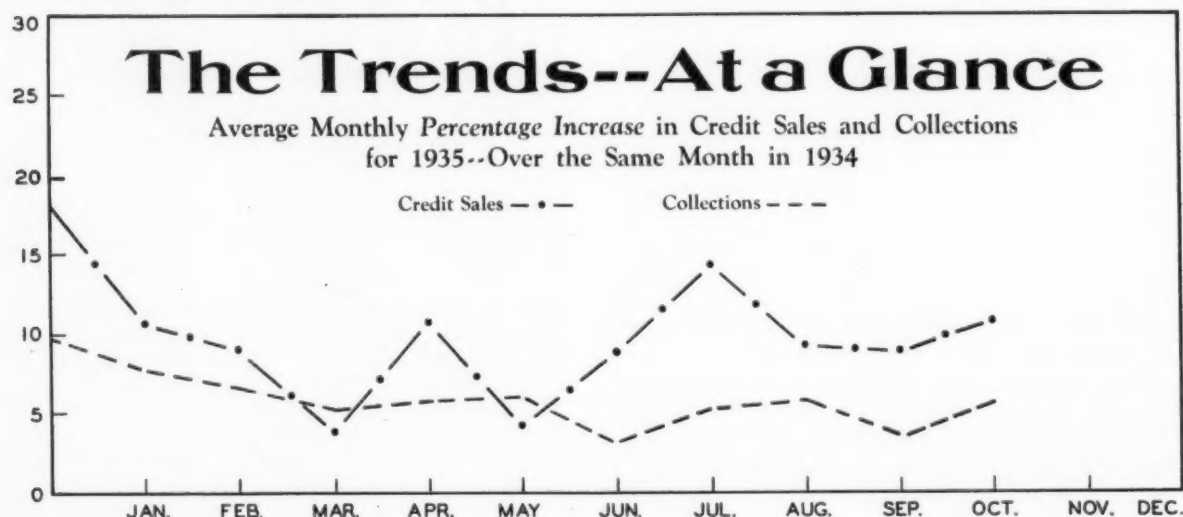
Collections in the New York and Pennsylvania area were fair to good—Syracuse, N. Y., reporting an increase of 10 per cent in collections. . . . At the same time, Erie, Pa., reported a 16.3 per cent increase in credit sales—the highest reported in the area.

Charlotte, N. C., reported an increase of 6 per cent in collections due mainly to sustained collection effort. At the same time, they reported an increase of only 3.8 per cent in credit sales due to continued warm weather retarding sales of seasonable merchandise. However, refrigeration and furniture sales show a marked increase. . . .

Charleston, W. Va., reported an increase in credit sales of 12 per cent.

Credit sales in Jacksonville, Fla., increased 15 per cent over October, 1934—many merchants reporting sales equal to the "good old days." . . . Collections and credit sales in Jackson, Miss., were unchanged due to hot, unseasonable weather.

Emporia, Kan., reported a 5 per cent increase in collections over a year ago but a decrease from September. Farmers in the surrounding territory have an abundance of rough feed which in itself does not have a profitable market value. The tendency has been to buy and fatten live stock rather than put the feed on the market. This has resulted in their holding up payment of retail bills. At the same time, credit sales remained on a par with October, 1934. Sales of building materials, home furnishings, and sundry supplies for improvement of homes,



increased 12 per cent, 16 per cent and 10 per cent respectively. A greater percentage increase in cash sales was noted in these lines (over a year ago) . . .

Hutchinson, Kan., reported an increase of 25 per cent in credit sales. Abundant fall rains have restored confidence and inspired business activity. . . . St. Louis, Mo., reported an increase of 15 per cent in credit sales while several men's furnishing stores increased as high as 45 per cent. In several cases men's stores have added women's wear resulting in increased sales. The Government has allotted additional money for public improvements in St. Louis, causing an increase in employment. . . .

Fort Smith, Ark., reported an increase of 37.4 per cent in credit sales—the highest of all cities reporting—due to special promotions in budget sales.

Collections and credit sales were good in Illinois, Indiana, and Ohio. In Michigan, Detroit reported a 34.5 per cent increase in credit sales. . . . On the other hand, Mount Clemens reported collections slow with a decrease of 10 per cent below October, 1934, due to an increase in unemployment in the past few months. Employment conditions are picking up at present due to factories reversing their schedules—to lay off employees during the summer and keep them at the peak during the winter. Credit sales decreased approximately 1 per cent due to employment conditions; however, merchants are optimistic for an excellent Christmas business. . . .

Collections and credit sales were only fair in the Iowa, Minnesota, and Nebraska area. Cedar Rapids, Ia., however, reported 12 per cent increase in credit sales. . . .

Collections in Tulsa, Okla., were good with a 3.6 per cent increase, while credit sales increased 28.8 per cent—one department store reporting an increase of 38.6 per

cent. . . . With the exception of Austin, collections in Texas were good during October—Amarillo reporting an increase of 16 per cent. Even though collections in Austin decreased 1.5 per cent below October, 1934, the merchants felt that collections were satisfactory since their collection percentages averaged about 42 per cent. Credit sales in Borger increased 20 per cent due to purchases of household equipment under the FHA plan. Credit sales in Amarillo and Fort Worth increased 23.0 and 28.1 per cent respectively.

Denver, Colo., reported their collections situation encouraging with general business conditions satisfactory in their area. Casper, Wyo., reported an increase of 15 per cent in collections. ("Stores giving particular attention to collections have improved their position.") Cheyenne, Wyo., reported an increase of 10 per cent in collections due to increased employment in the railroad shops. Credit sales were up 15 per cent with a decided increase in deferred payment sales. . . .

Collections in San Diego, Calif., the Exposition City, increased 28 per cent over October, 1934—the greatest increase in collections for any of the 58 cities reporting. Sacramento reported that many new accounts were being opened with the public buying a higher class of merchandise and being obligated for larger amounts.

Excellent weather helped retail business in Canada—Victoria, B. C., reporting increases of 16 per cent in collections and 10 per cent in credit sales.

A few copies of "Department Store Group Proceedings" and "Community Credit Policies" books still available—the first at \$2.00, the second, \$1.50.

Comparative Reports - - By Cities - - October, 1935 vs. October, 1934

District and City	Collections	Increase or Decrease	Credit Sales	Increase or Decrease	District and City	Collections	Increase or Decrease	Credit Sales	Increase or Decrease
1. Augusta, Me.	Fair	- 1.0	Fair	+ 1.0	Detroit, Mich.	Good	+ 8.5	Good	+34.5
Lewiston, Me.	Fair	- .1	Good	+ .2	Grand Rapids, Mich.	Good	+ 3.0	Good	+ 1.5
Lowell, Mass.	Good	+ 4.9	Good	+13.9	Mount Clemens, Mich.	Slow	-10.0	Fair	- 1.0
Worcester, Mass.	Fair	+ . . .	Fair	+ . . .	Cincinnati, Ohio	Good	+16.1	Good	+20.1
Manchester, N. H.	Slow	- 5.0	Fair	+ . . .	Dayton, Ohio	Good	+22.9	Good	+12.6
Providence, R. I.	Fair	+ 2.0	Good	+ 8.0	Toledo, Ohio	Good	+ 9.0	Good	+ 8.0
<i>Average</i>	<i>Fair</i>	<i>+ .1</i>	<i>Fair</i>	<i>+ 3.8</i>	<i>Average</i>	<i>Good</i>	<i>+ 7.1</i>	<i>Good</i>	<i>+ 9.6</i>
2. New York, N. Y.	Good	+ 1.8	Good	+ . . .	7. Cedar Rapids, Ia.	Good	+ 6.0	Good	+12.0
Schenectady, N. Y.	Good	+12.5	Slow	-12.6	Sioux City, Ia.	Good	+ 1.5	Good	+ 3.0
Syracuse, N. Y.	Good	+10.0	Good	+15.0	St. Paul, Minn.	Fair	+ 5.0	Fair	+ . . .
Utica, N. Y.	Fair	+ 3.0	Good	+ 6.0	Lincoln, Neb.	Good	+ 4.7	Good	+20.9
Eric, Pa.	Good	+ 4.0	Good	+16.3	Omaha, Neb.	Fair	+ 4.5	Fair	+ 6.5
Pittsburgh, Pa.	Good	+ 3.5	Good	+ 4.0	<i>Average</i>	<i>Good</i>	<i>+ 4.3</i>	<i>Good</i>	<i>+ 8.5</i>
Reading, Pa.	Good	+ 5.0	Good	+10.0	8. Tulsa, Okla.	Good	+ 3.6	Good	+28.8
<i>Average</i>	<i>Good</i>	<i>+ 5.9</i>	<i>Good</i>	<i>+ 5.5</i>	Amarillo, Tex.	Good	+16.0	Good	+23.0
3. Charlotte, N. C.	Good	+ 6.0	Fair	+ 3.8	Austin, Tex.	Good	- 1.5	Good	+14.5
Charleston, N. Va.	Good	+ 2.4	Good	+12.0	Borger, Tex.	Good	+15.0	Good	+20.0
Clarksburg, W. Va.	Fair	+ 5.0	Fair	- 5.0	Fort Worth, Tex.	Good	+ 4.8	Good	+28.1
<i>Average</i>	<i>Good</i>	<i>+ 4.5</i>	<i>Fair</i>	<i>+ 3.6</i>	Houston, Tex.	Fair	+ 4.5	Good	+14.3
4. Birmingham, Ala.	Fair	- 1.8	Fair	+ 2.4	Waco, Tex.	Good	+ . . .	Good	+ . . .
Jacksonville, Fla.	Fair	+10.0	Good	+15.0	<i>Average</i>	<i>Good</i>	<i>+ 6.1</i>	<i>Good</i>	<i>+18.4</i>
Savannah, Ga.	Fair	+19.0	Fair	+15.0	9. Denver, Colo.	Good	+ 4.0	Good	+11.0
Jackson, Miss.	Good	No change	Good	+ .1	Salt Lake City, Utah	Good	+ 2.1	Good	+18.6
<i>Average</i>	<i>Fair</i>	<i>+ 6.8</i>	<i>Fair</i>	<i>+ 8.1</i>	Casper, Wyo.	Fair	+15.0	Good	+20.0
5. Fort Smith, Ark.	Good	- 3.1	Good	+37.4	Cheyenne, Wyo.	Fair	+10.0	Fair	+15.0
Emporia, Kan.	Fair	+ 5.0	Fair	No Change	<i>Average</i>	<i>Good</i>	<i>+ 7.7</i>	<i>Good</i>	<i>+16.1</i>
Hutchinson, Kan.	Good	+18.0	Good	+25.0	10. Lewiston, Idaho	Good	+10.0	Good	+15.0
St. Louis, Mo.	Good	+ 3.0	Good	+15.0	11. Sacramento, Calif.	Good	No change	Good	+10.0
Nashville, Tenn.	Good	+ 2.8	Good	+18.1	San Diego, Calif.	Good	+28.0	Good	+17.0
<i>Average</i>	<i>Good</i>	<i>+ 5.1</i>	<i>Good</i>	<i>+19.1</i>	San Francisco and	Good	+ 2.0	Good	+ 8.3
6. Joliet, Ill.	Good	+ 2.0	Good	+ 2.0	Oakland, Calif.	Good	+ 5.0	Fair	+ 8.0
Peoria, Ill.	Good	- .3	Good	+ . . .	Santa Barbara, Calif.	Good	+ 8.7	Good	+10.8
Muncie, Ind.	Good	+20.0	Good	+18.0	<i>Average</i>	<i>Good</i>	<i>+ 8.7</i>	<i>Good</i>	<i>+10.8</i>
Bay City, Mich.	Fair	+ 1.0	Fair	+ 1.0	12. Victoria, B. C.	Good	+ 6.0	Good	+10.0

Classifying Customer Accounts

By W. E. RAND

Credit Manager, W. P. Fuller & Co. (Paints), Missoula, Mont.

ALTHOUGH but an elementary phase of credit control, the aging of accounts is of primary importance in any worth-while method of keeping collections up to date. We take inventory of merchandise and also "depreciate" it so why is it not important that an *inventory* of accounts receivable be made periodically for a current valuation? *Past-due accounts should be put in the same category as obsolete or shopworn merchandise.*

The frequency in which accounts should be classified is merely a matter of opinion. Some firms do not bother to classify them any oftener than quarterly or semiannually. But, when practical, the value of the process is increased if a monthly schedule is adhered to. If the accounts are in a "not too bad" condition, a ledger of five hundred accounts can be aged in a couple of hours, which is not crowding the "end of the month" work too much.

The best idea of the value of aging accounts can be illustrated by saying that it will give "a composite picture of the ledger as a whole broken up into units of the several months past." In other words, a figurative review is made of the *condition* of the ledger accounts.

For instance, the first account shown in *Figure 1*, an active account, has a balance of \$250.00. A perusal of this customer's ledger sheet shows that he has made a few payments of \$20.00 and \$25.00 in the past few months. Too often the opinion is gathered that he is "not doing so badly." But a true analysis might show that he is still owing \$75.00 for merchandise purchased *six months ago* and \$125.00 for purchases *three months ago*.

Think what that account is costing the firm in terms

of interest! In this connection, if it is the policy of the firm to charge interest on past-due amounts, aging of accounts is practically necessary.

The first procedure necessary is to provide a form on which the accounts are listed. A columnar form with sufficient columns to show all necessary information is most practical. A convenient form is shown below (Fig. 1) which contains a few *mythical* accounts taken from the customers' ledger.

The items "Name" and "Address" are self-explanatory. "Amount" represents the balance at the end of the current month which, for illustration, let us say is September. The "Due" column should show the balance due from the month previous which was August. The 2-, 3-, and 6-months columns represent the ages of balances unpaid in July, June and March.

A simple method for determining the past-due balances is to start by heading a sheet of scratch paper as shown below—which saves much time in determining the key month:

Sept.	Aug.	July	June	May	April	March
Current	Due	2 mo.	3 mo.	4 mo.	5 mo.	6 mo.

To determine the amount two months past due the balance of the customer's account at the end of July is taken and all payments subsequent to July 31 are deducted. The resulting amount would then represent the balance two months past due. If the payments subsequent to July 31 total more than the balance as of July 31, then, obviously, there is no amount more than one month past due. The amounts for all the other columns are determined in exactly the same manner. Then all columns are footed giving the totals past due. The

ACCOUNTS RECEIVABLE					
Month ending September 30, 19--					
Name and address	Amount	Due	2 mo.	3 mo.	6 mo.
AARON, JOHN 100 BROADWAY	250.00	185.00	150.00	125.00	75.00
BROWN, ADAM 315 So. 5TH	47.50	19.00			
DEWEY, JAMES PHOTO SHOP	7.75	7.75	1.50		
ZIMPEL, A. 311 FRONT	19.00	8.20			
	2000.00	1000.00	400.00	375.00	75.00

finished product will show at a glance the condition of every account on the ledger.

A very interesting and important idea of the trend of collections can be gained by dividing the total of each column by the total due in the current column which shows the percentage of the accounts so many months past due. For example, in *Figure 1* the amount two months past due (\$400.00) divided by the total amount (\$2,000.00) shows that 20 per cent of the outstanding accounts are two months past due. Then a monthly comparison of these percentages would show the trend of collections.

When analyzing a customer's account it is interesting to observe the buying habits of this customer. *In the majority of cases it will be found that the farther behind a customer gets in his payments the less he is likely to buy.*

An analysis recently made showed that *only 11 per cent* of all customers who were listed during the month of May as delinquent 90 days or over purchased during the month on regular terms and in usual amounts. Similarly, the purchases declined further as the length of time past due increased. *Thus it would seem that the easiest way of losing a customer is to allow him to become delinquent over an extended period of time.*

What Is the Most Important Retail Credit Problem for 1936?

Each year we have asked this question and, always, we have received, and published, such a number of worthwhile replies that this feature has come to be regarded as an annual symposium of nation-wide credit opinion.

This year we want to publish as many answers as possible—we want to make this a veritable cross-section of the "credit thinking" of the profession throughout the United States and Canada. So please make your answer brief—not over 50 words—and to the point. Mail it to the National Office before December 24, if possible.

Flash!!!

Another Research Man Is Born!

MR. AND MRS. ARTHUR HENRY HERT are the proud parents of a baby boy, born November 22, 1935, at 9:50 A.M., weight seven pounds, ten and one-third ounces.

Immediately after arrival, the youngster announced a special study (No. 1) on "The Care and Feeding of Infants."

Seriously, mother and child are doing well and we know that their many friends throughout the Association join the National Office in congratulations.

—D. J. H.



115,000 Credit Records At Your Finger Tips

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BRANCHES IN PRINCIPAL CITIES



A Study of the Sale of All Types of Merchandise On Deferred Payments

By ARTHUR H. HERT

Research Director, National Retail Credit Association

THE plan of selling all types of merchandise on deferred payments has passed from the discussion stage to its actual establishment in a number of department stores throughout the United States. Information on this subject is not readily available and due to the probability of the plan being extensively adopted, the Research Division has made an impartial analysis of the results of the various plans used by its members.

To department stores located in 177 cities we sent 264 questionnaires. Following is an analysis of the returns as well as the answers to the questions:

	No.	Per Cent
Returned	143	54.2
Not returned	121	45.8
Total sent	264	100.0

1—(a) Do you sell all types of merchandise on the deferred payment plan?

	No.	Per Cent
Yes	31	21.7
No	112	78.3
Total	143	100.0

(b) If you do not sell all types of merchandise on the deferred payment plan, do you sell wearing apparel on deferred payments?

	No.	Per Cent
Yes	97	67.8
No	46	32.2
Total	143	100.0

(c) Are you in favor of or opposed to the selling of all types of merchandise on the deferred payment plan?

	No.	Per Cent
In favor of	69	48.2
Opposed to	68	47.6
Neutral	6	4.2
Total	143	100.0

2—(a) When was the plan of selling all types of merchandise on deferred payments adopted?

	No.	Per Cent
1935	10	32.4
1934	5	16.3
1933	2	6.4
1931	1	3.2
1929	2	6.4
1927	2	6.4
1926	2	6.4
1925	3	9.7

1920	1	3.2
1918	1	3.2
1890	1	3.2
"Many years"	1	3.2
Total	31	100.0

(b) Is a down payment required?

	No.	Per Cent
Yes	29	93.6
No	2	6.4
Total	31	100.0

(c) What are the maximum terms?

Soft Lines:	No.	Per Cent
3 months	6	19.3
5 months	5	16.1
6 months	12	38.8
9 months	2	6.4
12 months	3	9.7
"Varies"	3	9.7
Total	31	100.0

Hard Lines:	No.	Per Cent
3 months	5	16.1
5 months	3	9.7
6 months	8	25.9
12 months	2	6.4
18 months	3	9.7
24 months	2	6.4
36 months	3	9.7
"Varies"	5	16.1
Total	31	100.0

3—(a) Was the plan announced in newspapers, enclosures, etc.?

	No.	Per Cent
Yes	23	74.2
No	8	25.8
Total	31	100.0

(b) What was the customer reaction?

	No.	Per Cent
Favorable	24	77.4
Fair	3	9.7
No reply	4	12.9
Total	31	100.0

4—(a) Was an undesirable class of customers attracted?

	No.	Per Cent
Yes	5	16.1
No	21	67.8
No reply	5	16.1
Total	31	100.0

- (b) The majority of customers requesting merchandise on this plan were:

	No.	Per Cent
C.O.D., Cash and New Charge	1	3.2
Will Call and Cash	1	3.2
Cash	2	6.4
Cash and New Charge	2	6.4
New Charge	16	51.8
All classes	4	12.9
No record	5	16.1
Total	31	100.0

- 5—(a) What percentage of applications was for merchandise on this plan?

	No.	Per Cent
2 per cent	2	6.4
5 per cent	1	3.2
10 per cent	1	3.2
20 per cent	2	6.4
30 per cent	1	3.2
50 per cent	3	9.7
65 per cent	2	6.4
75 per cent	2	6.4
100 per cent	2	6.4
No record	15	48.7
Total	31	100.0

- (b) What percentage of applications was rejected?

	No.	Per Cent
1 per cent	2	6.4
3 per cent	1	3.2
5 per cent	3	9.7
6 per cent	1	3.2
10 per cent	3	9.7
12 per cent	2	6.4
15 per cent	2	6.4
17 per cent	1	3.2
20 per cent	3	9.7
25 per cent	2	6.4
30 per cent	1	3.2
No record	10	32.5
Total	31	100.0

- (c) What is the percentage of such sales to monthly charge account sales?

	No.	Per Cent
2 per cent	2	6.4
5 per cent	2	6.4
6 per cent	1	3.2
11 per cent	1	3.2
15 per cent	4	12.9
25 per cent	1	3.2
35 per cent	1	3.2
No record	19	61.5
Total	31	100.0

- 6—(a) Did the plan increase or decrease your monthly charge account volume?

	No.	Per Cent
Increased	14	45.1
No change	10	32.4
Decreased	2	6.4
No reply	5	16.1
Total	31	100.0

- (b) Do you have a special collection follow-up for this type of sales?

	No.	Per Cent
Yes	20	64.5

No	9	29.1
No reply	2	6.4
Total	31	100.0

- (c) What have been your experiences in the collection of such accounts?

	No.	Per Cent
Good	13	42.0
Satisfactory	11	35.5
Poor	1	3.2
No reply	6	19.3
Total	31	100.0

- 7—(a) Has the plan in any way affected the store's prestige?

	No.	Per Cent
Yes	3	9.7
No	25	80.6
No reply	3	9.7
Total	31	100.0

- 8—(a) How many stores in your city have adopted the same or similar plans?

	No.	Per Cent
All	11	35.5
Majority	3	9.7
Few	10	32.2
None	4	12.9
"Don't know"	3	9.7
Total	31	100.0

- (b) Have deferred payments on this plan been standardized in your city?

	No.	Per Cent
Yes	7	22.6
No	23	74.2
No reply	1	3.2
Total	31	100.0

Conclusions

Conclusions from the foregoing data:

1. At present only one store out of every four sells *all types* of merchandise on the deferred payment plan.
2. The majority of the stores sell wearing apparel on the deferred payment plan even though *all types* of merchandise are not sold on this plan.
3. Credit executives are evenly divided as to their approval of the plan, while 4.2 per cent are neutral.
4. The stores that adopted the plan are well pleased with it, reporting that it has resulted in an increase in charge sales, customers' reactions are favorable, a desirable class of customers was attracted, collections have been good to satisfactory and it has in no way affected the stores' prestige.
5. The stores that have not as yet adopted the plan are watching it closely because they feel they will be forced to adopt it later on in order to meet competition.
6. Down payments are required in the majority of the stores and the maximum terms range from 3 to 12 months for soft lines and from 3 to 36 months for hard lines.
7. All, or the majority, of the stores have adopted the plan or similar plans in 45 per cent of the cities reporting; however, only 20 per cent have standardized the payments.

(Editor's Note: See next page for comments which accompanied the answers to above questions.)

Opinions of Credit Executives - - For and Against "All-Type" Deferred Payment Plans

Pertinent Comments - - "pro" and "con" - -
gleaned from the questionnaires
reported on pages 12 and 13

Favorable:

PENNSYLVANIA—"We consider the policy of selling all types of merchandise on deferred payments sound business *provided proper credit precautions are taken at all times.*"

IOWA—"The greater volume of business on this type of account with us has been from our regular charge customers who buy larger amounts under this plan instead of dividing their purchases over several months; therefore, we are assured of the majority of their patronage."

TEXAS—"This plan has helped us to sell additional merchandise that would not have been sold for cash or on monthly charge accounts."

CALIFORNIA—"With the Government's FHA Plan we might just as well let the customers make their own terms."

CALIFORNIA—"Our customers have demanded this policy and we have installed it to please them. We do not extend the time for payment of accounts beyond reasonable life of the merchandise. Our losses are justified by a carrying charge which our customers expect to pay for the added accommodations."

Unfavorable:

NEW YORK—"We believe that the sale of *all types* of merchandise on the deferred payment plan is unsound for the reason that it tends toward an overextension of credit. Furthermore, in a number of cases, merchandise so sold is worn out before completely paid for. Also, the plan will and is definitely increasing the life of contracts covering hard merchandise."

MARYLAND—"We consider the plan economically unsound. It is either expensive to the customer or unprofitable to the store and is bound to lower the standard of patronage. The stores appealing to better patronage are still *off* the installment business."

LOUISIANA—"We do not think it wise to sell so-called 'soft merchandise' on the deferred payment plan. The two main reasons for taking this stand are that the merchandise is too perishable and that we see no reason why we should sell merchandise on the deferred payment plan to our customers when we have been trying to educate them to buy on a 30-day basis. We also feel that in the end we would attract many undesirable accounts which are unprofitable and which we do not want."

ARKANSAS—"Our store, of course, sells merchandise which has a tangible value in case of repossessions, just like other stores, such as furniture, refrigerators, radios, washing machines, stoves, rugs, draperies, etc. This class of merchandise must necessarily be sold on the installment plan, as you know. In 1922, however, or near that time, the policy of the sale of men's suits and overcoats

on the 10-pay plan was inaugurated. The first year we sold \$75,000.00 worth of men's clothing on this plan. Its popularity, however, soon began to wane, and while the plan is still in operation, it is used principally by applicants who are not in position to pay for the merchandise in the usual manner. Then, too, the volume has considerably decreased; it is not now 50 per cent of what it used to be.

"While it was going so satisfactorily in the sale of men's suits and overcoats, our store attempted to introduce it in all apparel departments. It did not meet with enthusiasm from the standpoint of the customer, and the plan was discontinued. While it was in operation it attracted the girls of small means, many of whom were unable to qualify, and we have not attempted to introduce it again. It has been in operation, however, for a long time, and the sale of women's coats and fur coats was rather successful.

"After sixteen years of experience in handling the sale of merchandise on the installment plan, and we were one of the first stores to introduce it, I am convinced that ladies' wearing apparel should never be included, nor should small wares. I think the plan can be successfully operated in the sale of men's clothing, suits and overcoats (no furnishings), and in the sale of merchandise which has a repossession value. Local conditions, however, will, in a good many instances, govern. What might be disastrous for us might be good in the north and east, but generally speaking, I am against the introduction of the plan throughout the store, and I don't think we shall attempt it, because there has been no desire on the part of our executive staff to introduce it."

MISSOURI—"We are watching with interest the tendency toward this plan as we might be forced into it, in order to compete with other stores."

MISSOURI—"It is my personal opinion that this is a plan which is bound to get a lot of merchants into trouble. I consider the selling of perishable merchandise on the installment plan as unsound and unwise. I also feel that it would lower the prestige of a store putting it into effect and that it would also draw an undesirable class of customers.

"Frankly, I cannot understand how the merchants of this country will allow themselves to be drawn into this plan of selling when they are not yet out of the muddy waters of our late depression. If you allow people to mortgage their incomes far ahead of themselves, which such a plan will aid and abet, what are these merchants going to do for business later on when these people's buying power is used up for two or three years ahead?"

TEXAS—"We are opposed to the plan because we tried it in a small way on several different occasions and really it does not work out satisfactorily or profitably."

TEXAS—"Where the moral risk is good, and the amount of the purchase is beyond customer's ability or means to pay in 30 and 60 days, we have made special terms, allowing 3 to 4 months to pay, preferably one-twelfth to one-sixteenth payments each week. We do not take liens on this type of merchandise but sell on open account. We also allow from 5 months to 8 months on household linens and draperies, taking a lien on the merchandise although we do not consider the lien good since the merchandise if replevined would have no resale value.

"The writer acknowledges that in order to increase volume we will be compelled to offer longer terms, but he does not advocate taking liens on so-called soft goods for the simple reason there is no resale value for replevined soft goods and the costs of replevining would not justify the expense.

"We favor a budget plan using Coupon Books containing coupons up to \$25.00, \$50.00 and \$100.00 to be paid for in monthly installments and adding on carrying charge of 1 per cent per month or less on the unpaid balance. We have no definite plan worked out but are working on one."

Neutral:

OKLAHOMA—"I see no reason why a deferred payment plan should not be successful on any type of merchandise if time limit is held within 3 to 5 months and a reasonable down payment is secured and a charge added to cover the extra cost. Many monthly charge accounts at present are nothing but deferred payment accounts without additional charge for handling."

CALIFORNIA—"We sell soft merchandise on payments in two instances: first—when the customer has purchased hard merchandise, for instance, of \$1,000.00, and has paid his account down to \$500.00, we will add sheets, draperies, kitchen utensils, and other perishable merchandise to the account because we have a security in the money which has been paid in as well as the hard merchandise under the contract; second—if the customer has an established open account credit rating, we will say, for example, of \$25.00, and if he should desire to purchase \$150.00 worth of draperies or other perishable merchandise, we will arrange an account over a period of approximately six months on his credit rating. We ordinarily require a down payment of at least 20 per cent and in the extreme case such as cut carpet, will give the maximum terms of one year.

"We have a great many of an undesirable class of customers who make application for soft merchandise on a payment plan, and as a rule they have no money so that the orders are cancelled. Ordinarily they are customers of a very low type who have had accounts in various installment houses, and as our policy of collection does not provide for recovery of money from this class of people, we refuse the account. We have at times opened a few accounts on this basis with people of very subnormal responsibility, and we have found without exception that they never work out, and that the cost of collection will equal the amount of the profit. In my opinion, especially in this locality where people move constantly, and we have a large percentage of negro and Mexican population, this sort of promotion would necessarily be promoted very conservatively and offered only to risks who have a definite credit foundation but who require additional time on exceptional purchases."

(An analysis of the 97 stores that sell wearing apparel on deferred payments will be published in the January issue of *The CREDIT WORLD*.)

The Credit Man: Judge, Doctor, Cheer Leader, and Village Helper!

(Continued from page 7.)

PROMPT PAYS: Are they of value? *Do we appreciate them?* Do they deserve a fair amount of our time? Have you ever discussed prompt pays at the credit meetings? It seems to me that it would be a good topic: *Why are they prompt?*

Would the first reaction be that they are rich, draw big salaries, or have thousands in bonds? If one could analyze the prompt-pay accounts would he not find that, *in the majority of cases, the customers were prompt because of a careful watching of all expenses, and that their incomes were not large?* What would you do without them? Why not have a thanksgiving meeting for them some time?

There is a hymn: "Count your many blessings, name them one by one." *The prompt pay is one of your blessings!*

What Subjects Do You Suggest for the Omaha Convention?

As a member of this Association, *you are invited to send in your suggestions on the subjects you would like discussed at the National Convention to be held in Omaha, next June.*

Your suggestions, *for both the general sessions and the group meetings, will be most welcome and will help immensely in the preparation of a Convention Program of interest to the greatest number of members.*

The Reason

- A pass book is simply a customer's record.
- An advance notice is only a bill.
- A schedule of payments is just information.
- Combine the good features of these three systems into one—eliminate costly and unnecessary operations—then add several new and effective collection ideas and the total will result in Allison's Patented Due Date Coupon Book.
- An installment collection system that covers your operation one hundred per cent will serve your purposes better than one that performs one-third of the necessary work. That is the reason why Allison's Collection Coupon Books will improve your collections and reduce your costs.

Write for Samples and Prices

Allison Coupon Company

FACTORY AND EXECUTIVE OFFICES

INDIANAPOLIS, INDIANA

Comparative Collection Percentages . . Oct

DISTRICT AND CITY	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						FURNITURE STORES (Installment Accounts)						JEWELRY					
	1935			1934			1935			1934			1935			1934			1935			1934			1935			1934		
	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.
1 Boston, Mass.	50.5	74.7	42.5	49.9	73.1	39.6	17.0	26.1	12.7	16.5	27.7	15.7	59.7	65.0	42.1	52.8	56.0	39.7	—	—	—	—	16.6	—	—	—	—	—	—	—
Providence, R. I.	46.6	58.0	39.9	44.0	57.4	37.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Lynn, Mass.	49.9	57.0	37.1	38.3	52.0	37.1	—	21.0	—	—	—	—	—	—	—	—	—	—	11.4	14.8	8.6	10.3	16.6	8.9	—	—	—	—	—	—
Springfield, Mass.	53.6	56.9	51.2	52.6	54.5	48.8	19.4	27.5	10.2	18.3	23.6	13.2	—	61.6	—	—	52.4	—	—	—	—	—	—	—	—	—	—	—	—	—
Worcester, Mass.	45.2	54.7	45.9	40.0	46.2	31.4	22.3	24.6	17.6	19.7	24.2	14.7	43.8	48.9	35.0	35.9	44.0	33.0	—	—	—	—	—	—	—	—	—	—	—	—
2 New York City	49.3	66.2	39.0	47.9	63.7	39.0	20.9	24.9	12.0	18.9	33.7	11.0	46.8	59.1	37.4	45.4	63.8	32.9	—	—	—	—	8.5	8.9	6.4	—	—	—	—	—
Pittsburgh, Pa.	46.7	51.3	36.8	42.5	48.2	36.4	18.3	22.9	14.0	16.4	19.4	11.4	47.3	58.7	36.8	42.8	56.3	32.0	—	—	—	—	—	—	—	—	—	—	—	—
Syracuse, N. Y.	40.5	50.9	33.2	37.4	46.7	27.9	16.9	20.0	16.6	21.2	22.8	16.3	—	37.8	—	—	45.9	—	—	14.8	—	—	—	15.5	—	—	—	—	—	—
Utica, N. Y.*	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3 Washington, D. C.	41.6	51.8	36.8	41.6	51.2	37.4	12.4	13.3	10.8	12.8	14.7	11.3	—	—	—	—	44.5	—	—	—	—	—	—	—	—	—	—	—	—	—
Huntington, W. Va.	60.7	65.9	55.4	48.3	45.5	51.2	—	8.5	—	—	8.2	—	—	—	—	—	—	—	10.6	—	—	—	—	—	—	—	—	—	—	—
Baltimore, Md.	42.4	52.4	35.4	41.4	50.9	33.6	15.9	27.2	6.0	17.1	32.2	8.5	37.8	39.6	36.9	39.3	43.5	37.6	—	—	—	—	—	—	—	—	—	—	—	—
4 Birmingham, Ala.	43.0	48.7	35.0	42.2	44.2	39.4	18.6	23.3	14.1	18.5	26.4	12.8	53.3	56.7	50.0	46.4	46.8	46.0	10.9	11.7	10.5	11.3	13.1	9.5	—	—	—	—	—	—
New Orleans, La.*	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Atlanta, Ga.	37.7	40.4	35.0	35.7	35.8	35.5	14.4	15.6	13.2	13.8	14.7	13.0	39.3	39.4	39.2	37.6	39.0	36.3	12.3	12.4	12.1	11.5	12.7	10.3	31.4	40.6	22.7	31.4	—	—
5 Kansas City, Mo.	60.2	80.4	38.3	62.2	80.6	41.4	—	17.4																						

●Figures not received at press time
⁰Installment ¹Furriers

²Laundry
³Heating

⁴Plumbing
⁵Lumber

⁶Paper and Paint
⁷Coal

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Ottawa - - Canada's Capital - - Holds Annual Credit Banquet

By F. GORDON CLEGG

Secretary-Treasurer, The R. J. Devlin Company, Ltd., Ottawa, Canada; Director of the Ottawa Credit Exchange, Ltd., and the Fifth District of the National Retail Credit Association

THAT excellent results obtain wherever a Community Credit Policy is established was indisputably proved by Mr. L. S. Crowder in an intensely interesting address given at the seventh annual banquet of The Ottawa Credit Exchange, November 4, 1935. He cited statistics showing that a vast improvement in collection percentages and tremendously stimulated sales had invariably followed the adoption of an effective policy.

In suggesting various features which he considered entirely necessary to the successful operation of a Community Credit Policy, Mr. Crowder stressed the importance of an educative advertising programme and also strongly urged that a carrying charge be made on all delinquent accounts, mentioning that, as several of the larger stores in the city were already charging 1 per cent per month, and had been doing so for some years with entirely satisfactory results, the ice had been broken in this respect. He also emphasized the importance of a thorough investigation of the paying records of all applicants for credit, a distinct understanding as to terms at the time of opening the account, uniform collection procedure and restriction of credit, etc., pointing out that it is only by the strictest adherence to these principles that a Community Credit Policy can function satisfactorily.

In conclusion, he congratulated those present on the interest displayed and said it was very evident that Ottawa was thoroughly *credit conscious*. At the close of the address which had been followed with rapt attention by every one of the two hundred and fifty-one persons present, the speaker answered numerous questions respecting some of the problems with which credit granters are faced today. On resuming his seat he was accorded an ovation that gave eloquent testimony as to the value that those who had been privileged to hear him placed on his message.

In addition to Mr. Crowder, the meeting was addressed by the Hon. H. H. Stevens, former Minister of Trade and Commerce in the Conservative Government, who said merchants were doing their country a tremendous and little-realized service by the extension of small credits to the people. He went on to say, that, in his estimation, the merchants of Canada were carrying the sum of \$500,000,000.00 on their books and asked his listeners to imagine what would happen should some public man advocate the Government's advancing *even a third of this amount* to its citizens to enable them to make purchases.

An interesting feature of the evening was a statistical review presented by Mr. H. S. Britton, Credit Manager of Murphy Gamble, Limited—covering the growth of the Ottawa Credit Exchange since its inception eight years

ago, with only six members, up to the present day. He recalled that F. A. Matatall of Chas. Ogilvy, Limited; Frank D. Burkholder of F. D. Burkholder, Limited; J. A. Mulvihill; Harry Beer (who has since died) of Bryson Graham, Limited; Gordon Clegg of The R. J. Delvin Co., Limited; and he met and discussed the possibility of starting a credit bureau.

It was a discouraging task at first and only by exercising the greatest perseverance and by hard, dogged work was the Exchange finally brought into active, useful operation. There are now 227 members, 130,000 individual cards in file, together with 664,000 ratings, and 38,000 court records. In addition to this, all the property owners of the city and the assessed value of their holdings are listed. Mr. Britton concluded by saying that the Exchange was now affiliated with 1,250 Bureaus throughout the U. S. A., Canada, and Europe.

Mrs. Ruth Wright, who has so efficiently managed the Exchange since it was started, and whose delightful personality is so well known to members of the National Association (through her regular attendance at conventions), thanked the directors and members for their co-operation and the staff for their loyalty and devotion to duty.

His Worship, Mayor P. J. Nolan, congratulated the Exchange on its growth and on the valuable services it was daily rendering the community. He stated that he had been a member for some years and considered the benefits he had received beyond price.

Mr. G. Scott Murray, President of Murphy Gamble, Limited, and President of the Exchange, who occupied the chair, said that the past year had been a most satisfactory one in every respect and extended the thanks of the directors and himself for the splendid attendance at the dinner. He also referred sympathetically to the absence of two directors, Mr. M. A. Mahoney and Mr. E. R. Fisher, through illness. The honour of introducing the guest of the evening devolved upon Mr. Gordon Clegg, a director of the Exchange. Mr. L. A. Burpee of Chas. Ogilvy, Limited, also a director, extended the cordial thanks of those present to Mr. Crowder for his very splendid address.

In addition to the speakers, Mr. W. F. C. Devlin and Mr. F. A. Matatall were seated at the head table.

Entertainment of an extremely hilarious nature was provided by Mr. Pat Rafferty, Mr. Pat Mansfield and Mr. Al Roy, who were vociferously and enthusiastically applauded.

The meeting, which beyond a peradventure was the most outstanding in the history of the Exchange, has done more for the cause of Better Credit in Ottawa than

can be estimated; and the deepest gratitude of all merchants is due to Mr. Crowder and the National Association for making such a success possible.

* * * * *

Mr. Crowder reached Ottawa at 7:45 on Sunday morning and was, or rather should have been, met at the Station by Harry Britton, Fred Matatall and Gordon Clegg. Somehow or other he escaped notice in the crowd and went directly to the quarters that had been reserved for him at the Chateau Laurier Hotel, whence he was followed by the above-mentioned trio.

Hearing that our guest had never before visited Ottawa we at once decided that it was our bounden duty to show him some of the beauties of the city and its environs. We did, at the rate of 75 m.p.h. in Fred Matatall's car!

Having covered a distance of approximately 150 miles and finding ourselves completely lost in the wilds of the Gatineau hills (due to the fact that we had, in our innocence, relied on Fred's emphatic statement that he knew where he was), we felt that our guest was probably wondering about lunch and that we should do something about it. A conference was held to decide, primarily, whether we were on a road or not. Fred was the only one who thought it was a road and even he wasn't sure. However, as it was impossible to turn 'round, we continued and at length reached a shack where we learned that if we kept on and the car held together we would finally reach our starting point, from whence, if we were careful not to leave the highway, we would reach our destination, which, by the way, was Lucerne, Quebec—a club maintained by wealthy sportsmen (we went in on a guest card).

After inspecting the premises L. S. exclaimed, "What a place for a party!" and we, *having in mind a certain Convention in 1938 or thereabout*, agreed, telling him that it could be arranged. Believe it or not, it would be *some* party. We got back to Ottawa in time for dinner with the other directors of the Exchange, after which we left our guest to his repose.

Next day he was escorted through several of the stores, and to various points of interest, spending an hour at the Exchange offices. As he had expressed an interest in the French section, luncheon was taken at a French restaurant.

Again with the Convention in mind, a tour of the Chateau Laurier was made from the kitchen to the "de luxest" of *de luxe* suites, and our guest stated that it was one of the finest hotels he had ever visited. He was filled with admiration for the swimming pool and said that if a convention were held here the delegates would probably spend a considerable part of the day there. As a matter of fact, he stated that there was so much to see and do in Ottawa it was a question whether any business would be done. We therefore assured him that he had had but a glimpse of Ottawa, and should the city be favoured with a convention, it would be our pleasure and duty to make certain that nothing was left unseen or undone for the enjoyment of our guests.

Canada's new Governor-General arrived in Ottawa from England during the afternoon and L. S. was given the opportunity of seeing him received, which is something Canadians and only those who are in Ottawa see once in five years!

Thus were filled the two days which preceded the meeting and we hope our guest enjoyed them as much as we did and we hope, too, that when the time came for him to leave, he regretted leaving as much as we regretted seeing him go.

~*~

National Association's Collection Stickers Now Printed in Canada for Convenience of Canadian Members

For the convenience of Canadian members of this Association, we have completed arrangements for printing both the "Standard" and the "Gold" Stickers in Canada. Complete stocks of both kinds will be maintained.

Hereafter, *all orders from Canada* (for our collection stickers) *will be shipped from Canada*. All the bother of getting shipments through the "customs," as well as the added expense of duty, will be eliminated. Deliveries will be expedited.

Prices—as shown in the advertisement on the *inside back cover of this issue*—will be the same in Canada as in the United States. Orders from Canada are to be sent direct to the National Retail Credit Association, 1218 Olive St., St. Louis, Mo.



Ottawa's Annual Banquet—In the Dining Room of the Store of Murphy, Gamble, Limited.

CREDIT DEPARTMENT LETTERS

[[A New Department - - Devoted to Credit Sales Department]]
[[Correspondence - - Conducted by Daniel J. Hannefin]]

THE Holiday Season approaching offers to the credit executive an exceptional opportunity to express his appreciation to that "cream" class of his customers, the "prompt pays." This is a time of all times when such letters are appropriate.

Elsewhere in this issue, Mr. George C. Smith writes: "*The prompt pays*. We should write them in capital letters. What would you do without them? Why not have a thanksgiving meeting for them some time? The prompt pay is one of your blessings!"

And he is right! Most credit executives are so busy hounding the "poor pays" that they just take the "prompt pays" for granted. They don't seem to be aware of their existence until some time when they wake up to find that their once good customers have drifted away. Then, too late, they show their appreciation in imploring inactive account letters.

Tell them *now* how much you appreciate them. Keep your good customers and make them *better* customers.

Look at *Figure 6*—the Budge Company letter. Mr. Younts writes that this is a most effective letter: "There were numbers of customers who came by to thank us in person, quite a few letters, and a number of phone calls to tell us how much our letter was appreciated."

This letter is used at any time. Here is one I wrote a few years ago—in the Better Letters Service—for the Holiday Season:

The Christmas Season is a time of remembrance, for expressions of appreciation to good friends.

So this letter is addressed to you as a good friend of ours, for who is a better friend in times like these than the good customer who pays on time regularly each month?

We want you to know that we deeply appreciate the record you have with us of paying your account promptly when it is due. It is a record that you may be well proud of!

Good customers like you preserve our faith in human nature and smooth our difficulties in times like these.

We are proud to have you as a customer, we appreciate your patronage and hope that we may always merit a continuance of it.

May you have a happy and most enjoyable Christmas and a New Year of prosperity beyond your expectations.

Try that letter—this month—and let me know what happens, please.

Another variation of the Christmas letter is one used by C. W. Brandon, Credit Manager of the Sterchi Brothers Stores, Inc. (a chain of furniture stores in the South), in 1933. It was multigraphed on a special holiday letterhead (so elaborate that we were unable to reproduce it). It read:

The spirit of Yuletide, the season of good will toward men, is here once again. Another year has passed.

To many it may have been a year of trials and tribulations, to others a year of joy and happiness, but with it all we have an abundance to be thankful for.

Notwithstanding the fact that your account may, or may not, be in arrears, we invite you to be our guest. We would be glad to have you call at our store before January first, so that we may do our part in adjusting your contract so as to make it "Easy Sledding" for Nineteen Hundred and Thirty-Four.

Let us wish you a real Christmas with those you hold dear; and prosperity and happiness through the New Year.

The reference to "Easy Sledding" is a play on the picture of a small boy sliding down a snow-covered hill, which was shown on the left-hand margin of the letter.

Figures 1, 2 and 3 are part of the collection follow-up used by McKale's Inc., who operate a chain of automobile service stations on the Pacific Coast. Mr. H. J. Schrupp, the Credit Manager writes:

It is well to keep in mind that on account of the nature of our business it is important that the collection follow-up be perhaps a bit more stringent and must begin sooner than in many other businesses. Our bills are due and payable on the first of the month and are past due after the tenth.

The first notice (*Figure 1*) is sent out between the 15th and 20th, followed by second notice (not shown) seven days later. Then two more letters, after which, if payment still has not been made, a closing notice (*Figure 2*) is sent and the account is immediately closed.

Usually by the time an account is 90 days past due and satisfactory arrangements for payment have not been made, a typewritten letter (*Figure 3*), signed by the Credit Manager, is sent to the customer. This usually brings some kind of reply at which time we insist on definite information regarding payment.

Figure 4 is an excellent inactive account letter used by a women's apparel store and *Figure 5* is a good letter expressing appreciation of prompt payment of a budget account and offering continued credit arrangements.

McKALE'S, INC.

GENERAL OFFICES:
1102 Chase Spreckels Bldg.
3rd and Market Streets
San Francisco
March 1935

Just to remind you that a payment of \$ _____ was due _____ on your
Open Account.
If payment has not been made by the time this notice is received, we would appreciate your
remittance at this time.

BUREAU OF ACCOUNTS

①

McKALE'S Inc.

General Offices: 1102 Chase Spreckels Bldg.
3rd & Market Streets
San Francisco - - - March 1935

Amount
Past Due \$ _____

In order that uninterrupted credit deliveries may be continued
on your account, may we ask that you get in touch with our Credit
Department immediately.

If you find it inconvenient to call at the office in person, a
telephone call will be satisfactory. However, it is important that
you communicate with the Office before making further change to
your account.

BUREAU OF ACCOUNTS

②

③

Your account showing a past due balance of \$ _____ has
been referred to the writer. We note that our office
has had considerable communication with you in this
connection, but it does not appear that you have given
us the necessary co-operation.

It is our desire to bring about a friendly settlement of
your account, and therefore hesitate to take any action
that would injure your credit or cause you unnecessary
expense. However, if we do not hear from you within the
next few days, we shall feel that we have done everything
within our power to settle this matter as between friends
and shall feel justified in taking legal action against
you without further notice.

Very truly yours,
McKALE'S INC.



④

For over fifteen years The Stuart Shop
has enjoyed the patronage of the people of Casper and
Wyoming. As we grow older we appreciate more and more
the importance of keeping old friends.

Your noticeable lengthy absence from
The Stuart Shop prompts us to write to you and tell
you how much we really do miss the pleasure of
serving you.

We have made many improvements in recent
months, and you will undoubtedly find it more pleasant
and profitable to shop here than ever before.

The new selection of dresses and ensembles
for street, afternoon and dinner are of the same high
standard for which The Stuart Shop enjoys its enviable
reputation.

May we, therefore, ask you, that when you
are in town, which we sincerely trust will be soon, to
try and find a little time to come in, and allow us to
show you one of the smartest selection of clothes for
the Season.

May we see you soon?

Cordially yours,

THE STUART SHOP

By: *Theresa Stuart*

SS/a

William D. Hardy & Company

Department Store
Michigan, Mich.

⑤

Dear Patron:

Kindly accept our appreciation
for your prompt remittances covering the payment
of your Ten Week Budget Account.

We wish to take this opportunity
of notifying our patrons that Hardy's Ten Week
Budget Account is a permanent credit plan, and
is at your disposal by simply calling at our Credit
Office and securing your new Budget Card.

Assuring you that your comments
and suggestions are welcome always, and trusting
that you will re-open your Budget Account with us,
we are

Very truly yours,

WM. D. HARDY & CO.

Credit Manager

FRANK T. BUDGE, PRESIDENT
R. D. MAXWELL, VICE-PRESIDENT

SPORTING GOODS
CUTLERY
FURNITURE

Frank T. Budge Co.

WHOLESALE AND RETAIL
HARDWARE

Miami, Fla.

A. W. BRADY, SECY & GEN. MGR
R. V. MAXWELL, TREASURER

HOUSE FURNISHINGS
PAINTS OILS,
GLASS

⑥

As Credit Manager, most of the letters I write
people about their accounts are requests for
payment. This one is different.

Folks who pay their bills are the salt of the
earth. They help us to keep our business on
an even keel - help us pay our bills and help
us meet our payroll.

I think it just as important that we express
our appreciation when there are people now a
days who neglect the obligation of payment.
Those who are slow get plenty of letters -
but those who pay - never get a word.

So this is just to tell you that we appreciate
and thank you for the promptness with which
you meet our invoices.

Sincerely yours,

W. D. Hardy
Credit Department.

Conditions in Washington

(Continued from page 5.)

There are some reasons to think that a very vital decision has been taken on this whole subject of inflation. It is hardly a secret that the American Government has, quite recently, informally notified England that it is ready to go ahead with a stabilization of the international exchanges. That is something that Secretary Hull has been urging right along, but it was anathema to the Administration, certainly at the time of the Economic Conference in London, when the President declined to go along with any such proposition.

It is, therefore, an epochal development, whether stabilization results or not, if this Administration has reached the conclusion that monetary stability is altogether desirable. To stabilize the exchanges would mean to agree that there would be no further change in the gold content of the dollar, and it would probably imply a fixation of the price of silver. One need not take too seriously the British Government's public statements, through Mr. Chamberlain, that England is nowhere near ready to stabilize. There is a lot of trading to be done, particularly as to stabilization points, but the United States now possesses so many of the cards, particularly her gold holdings, that she starts in the game with most of the aces.

It may be suspected that Governor Eccles, in urging the enactment of the Bank Act at the last session, was not so much concerned about liberalizing the Federal Reserve rediscount privilege so as further to expand credit as he was with the necessity of having some agency that would have the power—and let us hope the stamina—to hold this credit inflation in the corral when it tries to jump the fence.

I call your attention to what is, many think, the most important provision of that new Act. It provides that the Federal Reserve Board can double the reserve requirements. In essence, this means that the Board, instead of allowing \$10 of bank credit to be based on \$1 of currency, can make the ratio, say, \$5 to \$1.

That constitutes a positive control, incomparably more effective than open-market operations or changes in the bank rate. If the Board of Governors that is to be appointed—and it is suspected that not many of the present members will be on the new Board—has the hardihood to withstand political pressure and the courage to do what it knows to be right, when the emergency comes, then there is comparative safety ahead.

One cannot state confidently that the inflation has already started. We do know that the commodity price index is rising throughout the world. This may be due to controlled production more than to anything else. Certainly, all the great basic commodities are under more or less "control." There is tin restriction, and rubber restriction, and cotton restriction, and coffee restriction.

Moreover, the weather has played into the scarcity program, in many instances, thus severely limiting supplies. But, whatever the cause, prices are rising. Rising prices require more credit accommodations. More credit accommodation adds velocity to the potential inflation, and almost before you know it the vicious circle is a maelstrom.

The Budget

Aside from all the credit "controls" which the Administration has built up, its own experts realize that the sum total of adequate defense against inflation is found in only one place, and that is the budget. There is no treasure chest that can finance boon-doggling in-

definitely. This nation is rich enough, with a devalued dollar, to stand a budget of, say, \$6 billions, without ruination to business. It would be worth while for business to pay \$6 billions and have a balanced budget. That is a heavy insurance premium, but well worth while if it gives a warranty against the wiping out of property by inflation.

Recent studies show that the most that any great corporation was able to save, under inflation conditions abroad, was 30 per cent of its holdings. With a \$6-billion budget the Government could afford to pay \$1 billion a year in the improvement of the national estate, not on trivial projects, but on construction that would be usable and therefore add to the gross wealth of the country.

The budget can be balanced and it will be balanced if the people of this country who own anything or hope to own anything unite to demand it.

(Continued on page 26.)

The New "Gold" Membership Sign - -

Our Most Popular Insignia

Now Adopted by 24 Locals

For the use of National members, we have developed a new National Membership Sign. Printed in deep purple, on heavy-weight gold cardboard, it makes an attractive, attention-getting emblem—worthy of a place in any credit office. Actual size, 6 inches wide by 7 inches deep—punched for hanging, if desired.

Prices: One, 15 cents; two, 25 cents; five, 50 cents. Special prices to local associations in lots of 100 or more



—with the name of the local association (instead of the National's) imprinted. Write for prices: National Retail Credit Association, 1218 Olive Street, St. Louis, Mo.

Credit Education - - For Small Retailers

By P. T. BAIRD

District Superintendent, Iowa-Nebraska Light & Power
Company, Norfolk, Nebraska



RAIL credit bureaus have progressed tremendously since the organization of the first bureau at Brooklyn, New York, in 1869. It has been stated that approximately 60 per cent of the adult buyers of the United States are now listed in credit bureau records. It has also been estimated that 75 per cent of the entire population of the United States is now served by local credit bureaus.

With such a coverage of the buying and paying habits of the public, it would seem that there is small chance of building for the future, from the standpoint of the credit records of individuals. Office equipment and practice has been so systematized that credit bureau service is fast, accurate and courteous. What phase then of credit work offers the most possibilities for growth and expansion?

To me, the answer to this question is: Closer coordination and cooperation between the credit bureau and credit granter. We have all heard this same statement made time and again. It has been incorporated in speeches, talks and dissertations on credit work. We all want to cooperate *but how?*

In the cities where the credit bureau and credit granter must depend upon each other, perhaps this discussion will not apply, but in the smaller communities where personal relationships and acquaintances enter into the granting of credit, it does apply *and very forcibly*. Let me illustrate this point.

In a certain town in Nebraska, a young married man, from out of town, was hired by a local company as a salesman. This local company had the reputation of paying its employees good wages. The salesman was to purchase a car. Before the local finance company would advance him the money, they had the local credit bureau get a complete credit report on him. When the finance company made the deal with him they knew just what kind of a credit risk he was and made the terms accordingly.

Before this salesman was in town six weeks he went into a local grocery store (a member of the credit bureau), said the magic word and was given credit. The car he had purchased was in need of new tires. He went into a tire shop (a member of the credit bureau), said the magic word and was given credit for thirty days. He and his wife were in need of some clothing, so he went into a clothing store (which was a member of the credit bureau and whose manager was once a director of the bureau), said the magic word and was given credit—total purchase around \$80.00.

In *another six weeks*, with all of the above accounts past due and not a cent paid on them, he lost his job because of too much drinking. When it became known he

was gone, all three of these merchants called the credit bureau and received his credit report. You can imagine what it was like!

The pitiful angle of this affair is that each merchant was all paid up on his dues to the credit bureau and had never used the full number of reports he was entitled to. Why hadn't these merchants called the credit bureau before granting him the credit?

On first thought we would blame the merchant for not making use of the service he was paying for. On second thought if we analyze his thinking process in granting credit, we find, first—he had watched credit bureaus begin a throbbing, active life in a community, only to slowly fall by the wayside and die (reputation and prestige gone). Second—when he did call for a credit report, the jargon of words and figures that were hurled at him were meaningless (he did not know how to analyze them). Third—he had never been thoroughly “sold” on the idea that his membership in the credit bureau was worth the amount he was paying, because of the first two analyses.

Some of you readers may feel that the above analysis does not apply to your credit bureau, but trace its history from its genesis, talk to some of your nonmembers and members, and get their reactions. You will find that a great deal of the success of the credit bureau (or lack of it) lies in the above three viewpoints of the merchants.

The first important feature is the “Education of the Credit Granter in the analysis of individual credit reports.” A credit report of an individual can be likened to a balance sheet and income statement of a company or corporation. It gives the financial condition of an individual at a particular time. The credit granter must be taught to analyze a credit report the same as a banker must learn how to analyze balance sheets and income statements. This can be accomplished through bulletins, personal contacts, forwarding pamphlets on business studies, etc. Make the credit granter “credit conscious.” Do this and your credit bureau will garner new members rapidly.

The next important phase of growth is the *selling of the idea of a credit consciousness*. A firm does not become “credit wise” overnight. It takes months of real educational effort to put over such a program. It can be done and is the only hope of the small town credit bureau.

(Editor's Note: The most practical way to make bureau members “credit-conscious” is to make them National members and regular readers of The CREDIT WORLD. “National members make better local members.”)

Credit News Flashes--

Personal and Otherwise

Omaha Convention Committees Busy

Omaha's Convention Committees are busily engaged in laying the groundwork for the entertainment of the Twenty-Third Annual Convention of the National Retail Credit Association, to be held in Omaha next June.

Space is not sufficient to list the full committee roster, so we show below the names of chairmen of the various committees:

General Chairman, Allen T. Hupp and Treasurer, E. Hughes, both of the Associated Retail Credit Bureau.

Finance: E. H. Pettis, J. H. Brandeis & Sons. Reception: H. O. Wrenn, Nebraska Clothing Co. Registration: Frank Manske, Eppley Hotels Co. Hotels and Reservations: Allen T. Hupp, Associated Retailers.

Entertainment (*Ladies' Entertainment and Banquet*): C. F. Basler, Thos. Kilpatrick & Co. Transportation: J. Earl Thompson, Securities Investment Co. Publicity: Frank Fogarty, Chamber of Commerce. Exhibits: Stephen Spitznagle, Spitznagle Adv. Service.

Mr. and Mrs. Leopold Meyer Recent National Office Visitors

Past President Leopold L. Meyer of Foley Bros. Dry Goods Company, Houston, Texas, accompanied by Mrs. Meyer, paid the National Office a friendly visit recently. Mr. and Mrs. Meyer were returning from a month's vacation at French Lick Springs, having also visited New York City and other Eastern points.

"Leop's" many friends will be pleased to know that he is looking the picture of health.

Leonard Berry, the man who made the Rochester Convention famous, is the editor of *Credit News*, new and "newsy" four-page (printed) bulletin of the Rochester Retail Credit Association. Volume 1, Number 1, devotes a full page to the National membership drive.

What is the most important retail credit problem for 1936? Read the announcement on page 11 and let us have your answer before December 24, if possible.

Vancouver Credit Women's Breakfast Club Celebrates Third Anniversary

Credit leaders of the city, as well as the former presidents of the club, occupied places of honor at the head table when the Credit Women's Breakfast Club of Vancouver, B. C., held its Third Anniversary Breakfast at the Hotel Vancouver recently.

Miss Avadana Cochran of Seattle, Washington, was the guest speaker.

President Driver Addresses Enthusiastic Meeting at Charleston, W. Va.

President Driver of the National Association, was guest of honor at a very successful dinner meeting held by the Charleston (W. Va.) Retail Credit Association, November 19. It was truly a representative meeting, the Secretary of State and the Mayor of Charleston, as well as prominent Charleston merchants, being present.

"We had a splendid and interesting meeting," writes Dewey E. S. Kuhns, Secretary of the Association. "Everyone thoroughly enjoyed Mr. Driver's address . . . he did this Association a lot of good and I hope it will result in many National memberships."

W. J. Morgan Seriously Injured

W. J. Morgan, Credit Manager of Brooks Brothers, New York City, and Chairman of the National Legislative Committee, was seriously injured, November 10, in an unusual sort of accident. Helping a delicatessen clerk fill his order, he stepped up on a chair and, in descending, fell (only 2½ feet) and broke his hip!

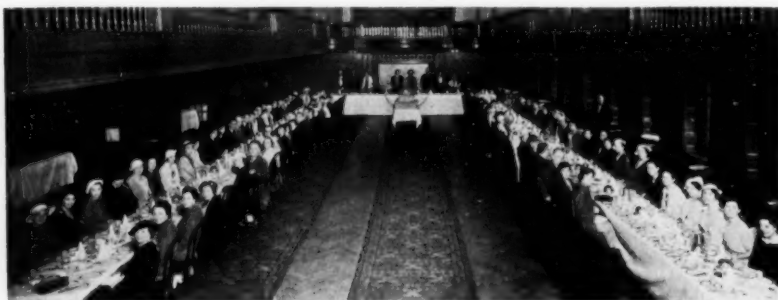
He is confined to his home—in a plaster cast—and will probably be laid up for another month. As we know his friends throughout the country will want to write him, we give his address: 434 Fairway Road, Ridgewood, New Jersey.

Local associations and credit women's clubs contemplating credit study classes for the coming year are urged to write the National Office for full particulars of the courses supplied by the National.

When Fine Bros.—Mattison Co., Laurel, Miss., recently opened their remodeled and enlarged store, the *Leader-Call* devoted almost a whole issue to news of the event!

The Associated Credit Men of St. Louis, at their November meeting, nominated officers to be elected at the December meeting to be held in conjunction with the famous annual "Christmas Frolic."

(Continued on page 28.)



The Membership Campaign Rolls On!

THE standing of associations reporting ten or more members will be published in *The CREDIT WORLD* each month until the close of our fiscal year, May 31.

Your association, if in this classification, is listed in the opposite column and your standing to date may be compared with that of other associations.

Plans are now being perfected by District and State Membership Chairmen to put on an effective campaign starting immediately after the holidays. H. Price Webb, President of District 11, writes that he expects that district to lead the field and does not contemplate being overtaken at any time during the race!

Other districts feel equally as confident of their ability to finish at or near the top.

National Director Ost of Cleveland, President of District 5, will be hard to beat. William H. Gray, efficient Manager of the Cleveland Retail Credit Men's Company, and for many years one of the hardest workers in the National ranks, has already laid the groundwork for increasing National membership in Cleveland. Mr. R. C. Greenburg, the capable Manager of the Steubenville, Ohio, bureau, enlisted the cooperation of the retailers and credit executives of that city in organizing a National Unit; he reported 35 members signed up and expects a minimum of 150 members. *Watch Steubenville!*

The Akron Association and A. C. Hutchison, who has done excellent work for the Akron retailers and the National, promise to keep pace with Cleveland in the drive for new members.

F. G. Clegg, Director of District 5, Ottawa, Canada, assisted by two live wires, Messrs. Britton and Matatall (and Mrs. Ruth Wright, capable Secretary of the Ottawa Credit Exchange), have plans in the making for the largest National Unit in the Dominion, one that will compare favorably in size with *any city* of like population. The credit granters of Ottawa are keenly interested in credit and awake to their responsibilities, as was indicated by the attendance of more than 250 at the annual meeting of the Credit Exchange, the evening of November 4.

Ottawa has asked for a National Convention and the credit leaders there say no effort will be spared to procure the acceptance of their invitation—at the earliest possible date after the Spokane (1937) Convention. Assuming that Pittsburgh will be the Convention City for 1938, Ottawa expects to entertain the 1939 Convention.

The Birmingham (Ala.) Association has been reporting members regularly and National Director Vaughan writes that there will be no let-up during the campaign.

The president of District 13, John Kemper of Mandel Brothers, reports renewed activity in Chicago and states that the Associated Retail Credit Men of Chicago, of which he is also president, will render a good account of themselves in increasing National membership in that city.

A. B. Buckeridge, genial secretary of the New York Association, holding the largest membership in the Na-

tional, writes: "Hope to get a lot of new memberships so that New York will have the best showing for any Association in the country"; and Frank M. Butler, former president of the St. Paul (Minn.) Association, in a recent letter commented as follows: "I secured fourteen new members last year for the National Association. This year I am Chairman of the Membership Committee of the

(Continued on page 32.)

Membership Standing

New Members Enrolled—June 1, 1935 to November 30, 1935

Region	State	City	Region	State	City
DISTRICT No. 1	39		KANSAS		18
CONNECTICUT		3	Wichita		15
Miscellaneous		3	Miscellaneous		3
MASSACHUSETTS	24		MISSOURI		81
Springfield		13	Kansas City		32
Miscellaneous		11	St. Louis		47
RHODE ISLAND	12		Miscellaneous		2
Providence		12	OKLAHOMA		1
DISTRICT No. 2	84		Miscellaneous		1
NEW JERSEY		1	DISTRICT No. 8	26	
Miscellaneous		1	TEXAS		26
NEW YORK	83		San Antonio		13
New York City		72	Miscellaneous		13
Miscellaneous		11	DISTRICT No. 9	32	
DISTRICT No. 3	24		COLORADO		28
FLORIDA		11	Denver		25
Miscellaneous		11	Miscellaneous		3
GEORGIA	10		NEW MEXICO		1
Miscellaneous		10	Miscellaneous		1
NORTH CAROLINA	2		UTAH		1
Miscellaneous		2	Miscellaneous		1
SOUTH CAROLINA	1		WYOMING		2
Miscellaneous		1	Miscellaneous		2
DISTRICT No. 4	45		DISTRICT No. 10	29	
ALABAMA		14	MONTANA		1
Birmingham		11	Miscellaneous		1
Miscellaneous		3	WASHINGTON		26
KENTUCKY	2		Spokane		15
Miscellaneous		2	Miscellaneous		11
LOUISIANA	1		CANADA		2
Miscellaneous		1	British Columbia		2
MISSISSIPPI	1		DISTRICT No. 11	121	
Miscellaneous		1	ARIZONA		4
TENNESSEE	27		Miscellaneous		4
Memphis		15	CALIFORNIA		114
Miscellaneous		12	Los Angeles		19
DISTRICT No. 5	65		Oakland		52
MICHIGAN		4	San Francisco		37
Miscellaneous		4	Miscellaneous		6
OHIO		61	HAWAII		3
Akron		19	Miscellaneous		3
Steubenville		36	DISTRICT No. 12	38	
Miscellaneous		6	DELAWARE		1
CANADA		1	Miscellaneous		1
Ontario—Misc.		1	DISTRICT OF COLUMBIA		4
DISTRICT No. 6	57		Washington		4
IOWA		13	MARYLAND		18
Miscellaneous		13	Baltimore		18
MINNESOTA		34	PENNSYLVANIA		10
Minneapolis		31	Miscellaneous		10
Miscellaneous		3	VIRGINIA		5
NEBRASKA	9		Miscellaneous		5
Miscellaneous		9	DISTRICT No. 13	40	
WISCONSIN	1		ILLINOIS		5
(Superior)		1	Miscellaneous		5
DISTRICT No. 7	101		INDIANA		5
ARKANSAS		1	Miscellaneous		5
Miscellaneous		1	WISCONSIN		30
			Milwaukee		26
			Miscellaneous		4

Conditions in Washington

(Continued from page 22.)

An agreement seems to have been entered into for enactment of the bonus early in the next session, but it will certainly not be paid with printing-press money. It will, therefore, but anticipate, at high cost, an obligation which already exists. The President will stand by bonus veto principles.

Outlook Encouraging

The immediate business outlook is extremely constructive, and undoubtedly the Administration places its faith on the ability of business to absorb a large part of present unemployment and stage a satisfactory revival.

We have the Morgan interests, which are certainly intelligent, re-entering the capital markets. We have the United States Steel Corporation, which is the nation's leader in heavy industry, announcing a reconstruction program that will cost \$140 millions. General Motors has set aside \$50 millions for improvements. The machine tool industry is again active because, among other things one industry after another is abandoning its worn-out equipment and substituting modern processes.

Reorganizations have already put one corporation after another back into a sound position. Values are being restored. Industry has learned how to allocate production to markets. Foreigners, in view of better conditions in the raw-material countries, have begun to pay something on their commercial debts. We are putting our foreign trade into greater equilibrium by accepting more imports, thus permitting payments by foreigners to us. Throughout Europe there is an almost panicky desire to transfer funds to the United States, not solely because of war fears but also on the assumption that one of the greatest forward movements in our economic history is due.

One by one, each of the fundamental causes of the depression has been more or less liquidated, not necessarily by deliberate action but by the mere passage of time, which heals economic wounds just as it heals a hurt to the human body.

You have the picture of an economy, fairly well liquidated, into which have been introduced a whole series of constructive factors. You have, in fact, such a massing

of technical assets as never before has occurred anywhere, at any time, so far as economists can discover.

I do not undertake to say how these constructive forces may dissipate themselves, if wrongfully employed. The danger is very real. I do say, however, that when you combine with our huge credit and other resources a militant spirit such as this population possesses, an energized corps of business men, a whole people intent on getting ahead, you have such a union of constructive influences as cannot be denied achievement.

On that basis, the one ingredient required to make assurance doubly sure is confidence in the integrity of governmental direction. Because Washington is more intensely studious today of economic causes and results than ever before in the history of the Capital; because some of the finest brains in America, not professorial, are at work there, or send their conclusions there; because militant business is invariably superior to militant politics in this country; because we still have a continent to exploit; because the desperation that caused desperate policies has been fairly well absorbed; because we have no warlike neighbors; and most of all, because the American people have inherent common sense, and the great majority of them either already own something or hope to own something, it may be that a great era is just ahead and that the means to anchor it to sobriety, and therefore to prolong it, will be found.

Results Prove the Effectiveness of N. R. C. A. Inactive Account Stickers

"We use these N. R. C. A. inactive stickers on our inactive statements each month and have had very good results," Louis Selig, Credit Manager-Controller of Rosenfield Dry Goods Co., Baton Rouge, La., told the Department Store Group Conference at the National Convention in Rochester.

Why don't you give them a trial? Catch inactive accounts early—before they "drift."

Three Stickers in the Series

Use them on statements showing no purchases during the month. Printed in one color (maroon) on white gummed paper.

Price, \$2.00 per 1,000. Order from your credit bureau or the National Office.

You Don't Owe Us a Cent!

Yes! We've noticed it and we hope you will use your charge account this month.

Your Patronage Is Appreciated!

© 1934, N. R. C. A.

Your Account Is Balanced!

This is just a reminder that we missed you last month.

Use Your Charge Account!

© 1934, N. R. C. A.

We Missed You Last Month!

Anything wrong? If so, please give us a chance to correct it.

We Value Your Patronage!

© 1934, N. R. C. A.

Membership Blank

National Retail Credit Association
1218 Olive St., St. Louis, Mo.

I hereby apply for one year's membership in your Association, subject to acceptance by you and by your recognized unit in this locality. I enclose \$5.00 which I understand entitles me to all the privileges of membership, including a year's subscription to "The Credit World."

Name

Title

Firm

Address

City State

Recommended By

Your Washington News Bulletin

By R. PRESTON SHEALEY

Washington Counsel, National Retail Credit Association
Colorado Building, Washington, D. C.



FOREWORD

HOW many know that the National Retail Credit Association initiated the retail credit survey—that its accomplishments are due largely to the Association's active support—but that its value (aside from N. R. C. A. members), is not generally known? Conferences, however, in Washington (November 8), with Department of Commerce officials, participated in by Manager-Treasurer Crowder, Messrs. Morgan, Armstrong and Hilbert of the Legislative Committee, and your Washington representative, at which plans were formulated to broaden and popularize the survey, are expected greatly to increase interest in the survey within the ranks of American business.

Mr. Retail Credit Granter: Read the January issue of *The CREDIT WORLD* for developments. *You can help!*

LEGISLATIVE

Chandler Bill (Bankruptcy) Developments

The Legislative Committee, at its Washington meeting, discussed *H.R. 6140*, the Chandler bill, and formulated plans to revise the measure in order to insure harmonious support within N. R. C. A. ranks. Such revision will seek to make the "Birmingham Plan" nationally applicable.

A House Judiciary Committee print of May 15 of a proposed general revision of the Bankruptcy Act, states: "By reason of a number of grave defects, *Sec. 74* has failed to accomplish its purpose. . . . Therefore, *Sec. 74*, in the great majority of cases to which it was undoubtedly intended to apply, affords no relief." Members of the House Judiciary subcommittee on bankruptcy are Representatives Hatton W. Sumners, Dallas, Texas, *Chairman*; Wesley Lloyd, Tacoma, Wash.; Walter Chandler, Memphis, Tenn.; James P. B. Duffy, Rochester, N. Y.; Charles F. McLaughlin, Omaha, Neb.; William E. Hess, Cincinnati, Ohio; and John M. Robison, Barbourville, Ky.

Credit Pension Reports

With a drive at the coming session of Congress for uniform pension laws, difficulty in writing up credit reports where pensions form part of the picture may be eliminated. It is said that there are around two hundred different pension laws on the statute books presenting an absolute lack of uniformity in pensions for Civil War, Spanish War, World War, and peace-time soldiers, and their widows and dependents.

Two-Cent First-Class Postage Rate

Agitation for action by the coming session of Congress to make the 2c first-class postage rate universal continues but seems to lack concerted force. Inquiry of postal authorities indicates that the Department is against making the rate universal unless it can be definitely estab-

lished that postal income will not be materially reduced thereby.

Bills having such reduction in view now pending in Congress are *H.R. 79*, Mr. Ludlow; *H.R. 2798*, Mr. Johnson of Texas; *H.R. 6431*, Mr. Doxey; *H.R. 6514*, Mr. Bacon; *H.R. 6725*, Mr. Fenerty; *H.R. 8350*, Mr. Wheelchel and *H.R. 8493*, Mr. Celler.

DEPARTMENTAL

Unemployment Compensation Insurance

Here are some essential facts about the *Social Security Act*. Employers' taxes for unemployment compensation insurance accrue as of January 1, 1936, and for old-age pensions as of January 1, 1937.

The unemployment compensation tax is 1 per cent in 1936, 2 per cent in 1937, and 3 per cent thereafter. It applies to those employers who employ *eight or more* employees within twenty weeks of any year but certain specified employments are excluded, such as agricultural labor, domestic service, etc. The Commissioner of Internal Revenue will collect the tax through collectors of Internal Revenue. The Treasury Department invests the taxes collected, disburses same upon certification by the Social Security Board, and is empowered to approve regulations in connection with the collection of the taxes to be formulated by the Commissioner of Internal Revenue. These regulations are expected to be made public about December 15. Details of employers' returns are expected to be covered in the regulations.

While the Act is new to the American economic structure, somewhat similar acts have been in force for years in nearly all important European countries, the latest country to adopt such a system having been France (in 1928).

N. A. C. M. Sales and Collection Survey

Announcement was made in September that a sales and collection survey in the shape of monthly reports would be made by the Department of Commerce in co-operation with the N. A. C. M. and that the first report would be ready about October 20. It is now understood, however, that the first report will be available around December 20 and will furnish data on sales, collection ratios, past-due accounts, and related subjects—on many divisions of manufacturing and wholesale trades, such as automotive products, clothing, chemicals and drugs, women's wear, foodstuffs and related products, leather goods, etc.

Hog Production Down—Prices Up

Hog production is not a retail credit department item but A.A.A. and its ramifications are, especially as they dovetail into farm prosperity. According to recent census releases as of January 1, 1935, for thirty-two states, there

(Continued on page 31.)

Credit News Flashes

(Continued from page 24.)

Frank Batty Wins Public Speaking Contest Prize

Frank Batty, Credit Manager of Hale Bros., San Francisco, and Past President of the National Retail Credit Association, is the proud possessor of a silver trophy, which he won as second prize in the Northern California Championship Public Speaking Contest, November 15.

He is certainly to be congratulated as the competition was very keen—all picked candidates from the colleges and clubs of the Bay District. He represented the Advance Speakers' Club of San Francisco and spoke on "The New Patriotism."

R. S. Smith Made Assistant Treasurer of Montgomery Ward & Co.

Robt. S. Smith, General Credit Manager of Montgomery Ward & Co., was elected assistant treasurer of the company at a directors' meeting, November 19. A native of Denver, he joined Ward's Kansas City House in 1924 as a correspondent. A graduate of the Kansas City School of Law, he was admitted to the Missouri bar in 1926. He directs all of Ward's credit and collection activities, as well as the mortgage loan department, from the general offices in Chicago.

The Associated Credit Managers of Toronto conducted a very successful "Lecture Course on Retail Credit," consisting of 36 lectures, beginning January 10 and ending May 21 of this year.

Pittsburgh Installs New Officers

Pittsburgh's new officers, announced in last issue, were installed at the regular meeting, November 18. Chairman Blackstone presented National Director Goldman, retiring President, a wrist watch, in appreciation of his faithful services as President during the past two years.

The following committee was appointed "to study the question of charging interest on overdue regular monthly charge accounts": F. Blackstone, H. C. Engel, C. Guy Ferguson, J. A. White, R. W. Sloan, L. Sondheim, E. W. Erb, B. J. Lindberg, H. E. Wilson, J. A. Brown, H. W. Leonard, C. G. Kaessner, T. L. Ford, E. J. Fisher, and David H. Goldman.

The Associated Retail Credit Men of Milwaukee held their first fall dinner meeting, October 24. The topic, "Practical Ideas on Credit Procedure," was handled by five able speakers. Aug. C. Wehl was meeting chairman.

At the annual banquet of the Retail Credit Association of Portland, Oregon, November 8, the following new officers were installed: President, John H. Smith, Olds, Wortman & King; Vice-President, Merle Brown, W. W. Shipley Co.; Treasurer, Richard T. Callahan, Powers Furniture Co.; Secretary, John N. Keeler, Credit Reporting Co.

A New Insert for January and February Statements

Can also be furnished in newspaper mats
in three sizes—with border.

It's An Old Chinese Custom

IN CHINA, the ancients, at the beginning of the New Year, following a time-honored custom, called on all their creditors—and paid their bills—in full!

The New Year is a time of good resolutions—a good time to arrange to pay all past due bills and then—arrange finances so that future bills can be paid promptly when they are due or according to agreement.

Prompt payment builds a good credit record and promotes prosperity.

A good credit record is priceless. Pay all bills promptly and protect it!

National Retail Credit Association

Executive
Offices

Saint
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(Printed in two colors)

National Retail Credit Association

1218 Olive St.

St. Louis, Mo.

Conferences--in Six Districts-- Scheduled for January and February

SIX district conferences will be held, in as many districts, early in 1936—four in January and two in February. In addition to the regular programs, business meetings—for the election of officers and directors and the transaction of such other business as may be presented—will be a part of each conference.

Members, in each district, are urged to write to the President or Secretary of their district, for detailed information. The scheduled conferences are listed below:

District Number Two

(New York and New Jersey)

Hotel Pennsylvania, New York City, Monday and Tuesday, January 20 and 21. Conference will start Monday morning with morning and afternoon sessions and dinner in the evening in conjunction with the monthly meeting of the New York Association.

The final meeting will be Tuesday morning, adjourning at noon. In the afternoon, the Credit Management Group of the N. R. D. G. A., will hold a session in the same room so the delegates will be able to attend that meeting also, if they desire.

W. A. Atkinson, W. L. Hurley Co., Camden, N. J., is President of the District, and F. J. Fitzpatrick, Kresge Department Store, Newark, N. J., Secretary-Treasurer. A. B. Buckridge, Secretary of the New York Association, 381 Fourth Ave., New York City, who is making the arrangements for the meeting, may also be contacted for further information.

District Number Five

(Ohio, Michigan, and Ontario, Canada)

Toledo, Ohio, February 17 and 18. Meeting place and further details in January issue. President, J. G. Ost, Cowell & Hubbard Co., Cleveland, Ohio.

District Number Six

(Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Manitoba, Can., and Superior, Wis.)

Hotel Fort Des Moines, Des Moines, Iowa, January 13 and 14. L. R. Pearce, Frankel Clothing Co., Des Moines, Iowa, is President; Dean Ashby, M. L. Parker Company, Davenport, Iowa, Secretary-Treasurer.

District Number Seven

(Arkansas, Kansas, Missouri, and Oklahoma)

Hotel Kingsway, Hot Springs, Ark., January 19, 20 and 21. President—J. G. McBride, The Geo. Innes Co., Wichita, Kansas. Secretary-Treasurer—H. R. Stuart, Sears, Roebuck & Co., Tulsa, Okla.

District Number Nine

(Colorado, New Mexico, Utah, and Wyoming)

Brown Palace Hotel, Denver, Colo., January 5, 6 and 7. Russell H. Fish, The May Company, Denver, is President and Chris Jensen, The Crews-Beggs Dry Goods Company, Pueblo, Colo., Secretary-Treasurer.

President Fish assures those who attend "pleasant winter weather in Denver—a program that will be outstanding (live topics and speakers)—and appropriate entertainment. Visitors from other districts will be welcome."

District Number Twelve

(Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia)

Mayflower Hotel, Washington, D. C., February 17 and 18, concurrently with the Columbia Regional Conference of the Bureau Managers' and Supervising Collection Department Groups of the N. C. C. R. C.

Bureau managers and supervising collection department managers, members of the National Association, from both District Twelve and District Two, will attend this conference, since the Columbia Regional Conference embraces both districts.

Proposed Changes in District Association Constitutions and By-Laws

At the Rochester Convention the following resolution was unanimously passed:

"For all elections to be held by districts between the 1935 and 1936 Conventions, it is recommended that Districts 1 to 5, inclusive, elect directors for three years, that Districts 6 to 10, inclusive, elect directors for two years, that Districts 11 to 13, inclusive, elect directors for one year; that in the following year Districts 11 to 13, inclusive, elect directors for three years. If these recommendations are accepted, there will be no vacancies on the Board for Districts 1 to 10, inclusive, during that year, consequently there will be no directors elected by those Districts. The following year we recommend that Districts 6 to 10, inclusive, elect directors for three years; from then on only one of the three groups of districts mentioned will elect directors in any one year, all elections being for three-year terms."

On the basis of this recommendation, elections will be held as follows:

Prior to Omaha Convention

1935-1936—Districts 1-5, inclusive—Elect for 3 years
1935-1936—Districts 6-10, inclusive—Elect for 2 years
1935-1936—Districts 11-13, inclusive—Elect for 1 year

Subsequent to Omaha Convention

1936-1937—Districts 1-5, inclusive—No election
1936-1937—Districts 6-10, inclusive—No election
1936-1937—Districts 11-13, inclusive—Elect for 3 years

Subsequent to Spokane Convention

1937-1938—Districts 1-5, inclusive—No election
1937-1938—Districts 6-10, inclusive—Elect for 3 years
1937-1938—Districts 11-13, inclusive—No election

Thereafter the respective Districts will elect National Directors upon the expiration of their terms.

"The First Four Pages of the New Blue Book of Credit and Collection Letters Are Worth the Price I Paid for It!"



Read the Letter:

Gentlemen:

With reference to the Blue Book of Credit and Collection Letters, which the writer purchased a short time back:

I am frank to say I think the introductory or first four pages of this book are worth the price I paid for it.

These pages contain good sound advice that is worth a great deal to anyone in credit work and more especially to those who are just starting out. If I were a beginner I would not be without this little book for twice the price.

I think the letters are splendid and the why and wherefores that go with them are so helpful, I do not believe anyone in this line of work will ever regret the purchase of one.

Yours very truly,
L. F. Gibbs, Credit Mgr.
M. Levy Co., Inc.
Shreveport, La.

THIS book, prepared especially for the members of this Association, contains tested, proved collection letters; letters to revive inactive accounts and letters to bring in new accounts; "skeleton" letter ideas that you can adapt to your own letters.

Letters for every credit and collection department need—33 of them—any one of them worth more than the special price we have made on this book.

"Good horse sense in every line of it," wrote one member. "Wonderful letters"; wrote another, "and worth plenty to retailers who will use them." Hundreds of letters complimenting the book have been received. Read the typical letter at the left.

A glance at the subtitles will give you an idea of its contents:

Make Your Letters More Effective—With the "You" Viewpoint

The Secret of Prompt Collections—Uniform Credit Procedure

Starting New Accounts Off Right (With a series of letters for use on new accounts)

Educating Old Customers to Pay Promptly (With a series of letters for use on old accounts)

Installment or Budget Account Letters

Special Letters for Special Problems

Letters to Revive Inactive Accounts (With reports of actual results)

Letters That Build New Charge Account Business (Actual letters shown)

SPECIAL PRICE \$1.00 POSTPAID

(To members only; to nonmembers,
\$1.50 postpaid)

National Retail Credit Association

1218 Olive Street

St. Louis, Missouri

Over 3000 copies now in use by National Members!

Your Washington News Bulletin

(Continued from page 27.)

has been a heavy reduction in hog production since 1930, the figures for 1930 being 29,615,469, and on an inventory as of January 1, 1935, 20,940,117.

Farm mortgages and farm taxes were included as a part of the 1930 census and statistics in regard to farm mortgages have been gathered, though not as yet tabulated, for the 1935 census. If funds are made available, they will be tabulated as soon as "Part One" of the agricultural census is complete.

COURT DECISIONS

Agreements Foregoing Voluntary Bankruptcy Not Valid

It has been suggested that if an individual, as a basis for an extension to him of credit, agrees not to avail himself of the Bankruptcy Act if unable to pay the debt so contracted, bankruptcy amendments, from the standpoint of the retail credit granter, would be unnecessary. A Circuit Court of Appeals, 2d Cir. (N. Y.), decision in *Prudence Co., Inc.*, 79 Fed. (2d) 77, has, by inference at least, and predicated upon *International Shoe Co. v. Pincus*, 278 U. S. 261, disposed of that suggestion.

The Circuit Court of Appeals in the case mentioned held that while a state may by a state statute place a corporation in a class nonamenable to bankruptcy, still the

exception must be found in the Bankruptcy Act itself, otherwise the corporation is amenable to bankruptcy.

Status of Important Cases

The Washington office is keeping in touch with the Indiana Installment Sales Act case, soon to be appealed to the Supreme Court of the United States, and the pending suit in the District of Columbia Supreme Court seeking to enjoin the Associated Retail Credit Men of Washington, from allegedly practicing law in the operation of its collection department. The hearing in this latter case will be predicated upon common law, not upon a statute, and a decision may be handed down at an early date.

Jefferson's Letter of Credit

Did Thomas Jefferson write the first American letter of credit? The following contribution from Byron De Forest, Manager of the Great Falls (Mont.) Credit Exchange, prompts the question:

President Thomas Jefferson proved himself an early exponent of the value of credit when he gave to Capt. Meriwether Lewis the following letter of credit, before that intrepid explorer embarked on the perilous journey which was to lead him to the very spot where now stands our own City of Great Falls!

Washington, U. S. of America, July 4, 1803

Dear Sir

In the journey which you are about to undertake for the discovery of the course and source of the Missouri, and of the most convenient water communication from thence to the Pacific ocean, your party being small, it is to be expected that you will encounter considerable dangers from the Indian inhabitants. Should you escape those dangers and reach the Pacific ocean, you may find it imprudent to hazard a return the same way, and be forced to seek a passage round by sea in such vessels as you may find on the Western coast. But you will be without money, without clothes, and other necessities; as a sufficient supply cannot be carried with you from hence. Your resource in that case can only be in the credit of the U. S. for which purpose I hereby authorize you to draw on the Secretaries of State, of the Treasury, of War and of the Navy of the U. S. according as you may find your draughts will be most negotiable, for the purpose of obtaining money or necessities for yourself and your men: and I solemnly pledge the faith of the United States that these draughts shall be paid punctually at the date they are made payable. I also ask of the Consuls, agents, merchants and citizens of any nation with which we have intercourse or amity to furnish you with those supplies which your necessities may call for, assuring them of honorable and prompt retribution, and our own Consuls in foreign parts where you may happen to be, are hereby instructed and required to be aiding and assisting to you in whatsoever may be necessary for procuring your return back to the United States. And to give more entire satisfaction and confidence to those who may be disposed to aid you, I, Thomas Jefferson, President of the United States of America, have written this letter of general credit for you with my own hand, and signed it with my name.

Thomas Jefferson

To

Capt. Meriwether Lewis.

Two Books on Credit

Credit Department Salesmanship

By Bartlett and Reed

Authors of "Retail Credit Practice"

A complete and authoritative manual on such important topics as:

Use of selling psychology in credit work; use of sales promotion to build up more charge accounts for the store; use of letters for both collection and sales building; use of the newest methods of handling the installment credit problem.

These are but a few of the topics covered with specific suggestions—"case-studies"—from successful experience. Designated as official textbook for the Advanced Credit Course.

PRICE \$3.50

Retail Credit Practice

By Bartlett & Reed

A practical, authoritative manual for retail store credit executives and students of credit practices. Official Textbook of N. R. C. A. Courses.

PRICE \$4.00

Order From

NATIONAL RETAIL CREDIT ASSOCIATION

Executive Offices, St. Louis, Mo.



Letters That Cross The Editor's Desk

I have been a subscriber to *The CREDIT WORLD* for some considerable time and your publication has created great interest amongst those of my friends to whom I have loaned copies . . . we very much appreciate and admire the journal which you publish.—H. W. BULLOCK, Registrar, New Zealand Institute of Creditmen, Auckland, N. Z.

* * * *

Our collection percentage reached 55 per cent on regular accounts in October—the highest we have experienced during the past several years. We attribute this to two policies we are enforcing. One is the 6 per cent interest charge, the other our automatic credit control system. . . . The 6 per cent interest charge on past due accounts has been very successful. In fact, only one customer resented the charge!

We certainly thank you for bringing this to our attention as you did on your trip last year. All the stores in Huntington who are using this policy are very glad that they acted on your suggestion.—J. D. TORRANCE, Credit Manager, Anderson Newcomb Co., Huntington, W. Va.

* * * *

May I take this opportunity to extend the thanks of the Lynn Retail Credit Association for coming here and giving us some very valuable information on retail credit problems. Several of our members next day complimented us on the very fine meeting and I am sure both the local and the National Association will benefit.—MARSHALL W. HUNT, Manager, Lynn (Mass.) Credit Bureau.

* * * *

At our meeting, November 12, I was instructed, as Secretary of this Association, to convey to you our members' appreciation for your visit here and your address at our October meeting. . . . Several of our members stated that, since hearing your talk, they had adopted and put into force a carrying charge on all delinquent accounts unpaid beyond the due date. They reported that this worked out very satisfactorily, and recommended its adoption to others.—J. WILLIAM PENNELL, Secretary South Jersey Credit Managers' Assn., Camden, N. J.

* * * *

I think your November issue of *The CREDIT WORLD* was the best I have ever read. (Even if I did have to read Bill Weir's article together with the rest.)—JAMES M. DUNCAN, Credit Manager, Standard Oil Company, Los Angeles, California.

* * * *

Position Wanted

*CREDIT AND COLLECTION MANAGER.—Age 37, married; 10 years' retail credit and collection experience; college graduate, now employed. Wishes to make responsible connection with a future. Excellent references as to character and ability. Address Box 121, *CREDIT WORLD*.

Warning!

The Plaza Bank of St. Louis calls attention to the operations of a man using the name of "George Birdsall" who represents himself as an American Airlines pilot, and is reported to be passing bogus checks. A letter received by the Plaza Bank from American Airlines, Inc., Chicago, Ill., indicates that this man is drawing what appear to be pay-roll checks on various banks, payable to himself, signing them "Clyde Brooks," paymaster, or "G. Cummings," paymaster, rubber stamped "American Airlines, Inc." He presents printed business cards reading: "George Birdsall, Pilot—New York-Chicago, American Airlines, Inc."

Description: About 35 years old, 5 ft. 10 in. tall, 160 lbs., brown eyes, black or brown curly hair, light complexion, smooth-shaven, high cheek bones, lump on nose. Wore khaki uniform with black Sam Brown belt, black uniform cap, puttees, angora sweater, insignia of wings over left coat pocket.

* * * *

Notes of the Credit Women's Clubs

San Francisco will hold annual election and Christmas party this month. . . . Winnipeg, Canada, Lewiston, Idaho, Chattanooga, Tenn., Charleston, W. Va., Wenatchee, Wash., and Omaha, Neb., are new additions to the ever growing list of credit women's clubs. . . . And Tulsa has appointed a committee to organize a club! Spokane's new officers: Ruth Wood, President; Eleanor Medved, Vice-President; and Marie Hemmerling, Treasurer. . . . New officers in Baton Rouge (La.): Mrs. Grace Miller, President; Mayble Lard, Vice-President; Doris Daspit, Secretary-Treasurer.

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The Membership Campaign Rolls On!

(Continued from page 25.)

St. Paul Association. At our meeting last Tuesday night I gave a fifteen-minute talk on the importance of the National Association and its benefits, and also set a goal of twenty-five new members by February 1. I believe it can be done."

And, last but not least, the following letter from Wm. S. Holman, Credit Manager, Stowers Furniture Co., San Antonio, Texas, and Membership Chairman of District Eight, came in just as we were going to press:

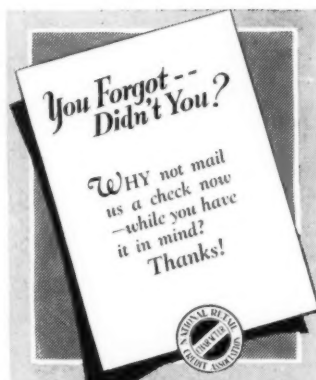
I am pleased to advise you that we have just completed a two-week membership campaign and have signed up twenty good local members, who have also become affiliated, State and National. This gives us a one hundred per cent National affiliation and a local association of more than eighty members.

We have recently completed a trip to Corpus Christi, where it is our hope to organize a Retail Credit Association, and we feel that we will get from thirty to thirty-five members out of Corpus Christi.

Let me take this opportunity to thank you for the literature and pamphlets that you sent me, and to assure you that we are always trying to cooperate with the National Association in Texas. While I do not expect to break any new records, we do feel that the business conditions are much better and that our membership in Texas will be substantially increased by the time of our convention in Fort Worth next May, and I do hope that my annual membership report will show an increase of 20 per cent or over one hundred members.

COLLECTION STICKERS--IN TWO SERIES

1. The "Standard" Series



"82.2% Collections--"

Read the report, in the March "Credit World," of W. D. Sweger, General Credit Manager, Pomeroy's Department Stores, Inc., Reading, Pa.:

"These stickers were attached to statements sent to 722 delinquent accounts . . . 593 or 82.2 per cent paid in full or made partial payments!"

Five in the series, exact size as shown (upper half of this page), printed in two tones of blue on gummed white paper.

Prices, 1,000 of any one sticker, \$2.00; 1,000 assorted, \$2.50. Small lots--less than 1,000 assorted--50 cents per 100.



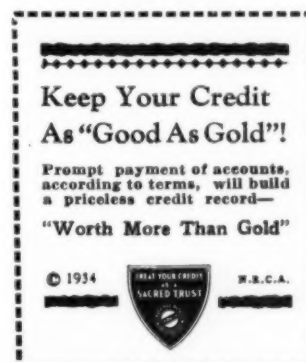
2. The "Gold" Series

An outstanding series--rich and dignified looking: Printed in royal blue, on special gold paper. Five in series (shown on lower half of this page). Actual size, 1 3/4" x 2". (Dotted lines are not part of stickers but are only "size indicators.")

PRICE, \$3.00 PER THOUSAND

Also, shown below, the new "Gold" Emblem Sticker (exact size shown by dotted lines). Printed on special "gold" paper. Price, \$1.50 per 1,000.

Order Either Series from Your Credit Bureau or the National Office



P. S. Below: New "Gold" Emblem Sticker. \$1.50 per 1,000.



Has Your Community Used the N. R. C. A. "Pay Promptly" Campaign?

"More Than All the Gold Mines In the World"—

TWELVE ADS:

Twelve ads in the campaign, each covering a vital phase of consumer credit.

For complete description, write for new "Pay Promptly" Portfolio.

Sample advertisement (in 4" x 6" size) shown at right.



"Credit," said Daniel Webster, "has done a thousand times more to enrich mankind than all the gold mines in the world"

MEN, since the dawn of history, have endured privations, hardships and suffering in the feverish search for gold. Nations have fought for it!

Yet millions have found, through the proper use of credit, a quicker, surer means of advancement. For credit enables them to buy the things they need now and to pay for them out of their earnings.

You may not be wealthy but—

If you have a good credit record—a reputation for paying your bills promptly and keeping your promises—you have something as valuable as gold itself!

And the more you use it the more valuable it becomes! For every prompt payment of an account adds that much prestige to your credit record.

*Use your credit freely and pay all bills
by the 10th or promptly as agreed*



PUBLISHER NOTE CAREFULLY. This Space Is for Local Association Signature to be Set by You.
Cut off small brackets at each outside corner of advertisement which are placed there to indicate exact size of space. This ad must be run at bottom of page.

THREE SIZES

Each ad furnished in three sizes at the following prices (which include mats):

8x12 in. \$2.00 each
6x9 in. 1.50 each
4x6 in. 1.25 each

If this "Pay Promptly" Advertising Campaign has not been used in your community, investigate the possibilities for increasing collections and building a community understanding of credit through its use.

If you have used this campaign, write for details of the "Ad-of-the-Month" plan—a new monthly service which will be developed if enough subscribers are obtained.

NATIONAL RETAIL CREDIT ASSOCIATION

1218 OLIVE STREET

SAINT LOUIS, MO.

